CITY OF GLENN HEIGHTS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF GLENN HEIGHTS, TEXAS

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CITY OF GLENN HEIGHTS, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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INTRODUCTORY SECTION

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October 1 , 2025

Citizens, Honorable Mayor, and Members of the City Council
City of Glenn Heights
Glenn Heights, Texas

The Finance Department is pleased to submit the Annual Comprehensive Financial Report of the City of Glenn Heights, Texas for the fiscal year ended September 30, 2024. This report was prepared through the cooperative efforts of the Finance Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the City. We believe the data, as presented, is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

Management's discussion and analysis (MD&A) begins on page 4 and provides a narrative introduction, overview, and analysis of the City's basic financial statements. The MD&A also provides readers with management's viewpoint of the City's financial performance and should be read in conjunction with the financial statements.

CITY PROFILE

The City of Glenn Heights, Texas, a predominately residential community situated in Dallas and Ellis Counties, is a Texas municipality that incorporated in 1969 to operate as a general law city and currently operates as a home rule city. The City lies at the hub of Interstate 35E and Texas Farm-To-Market Road 664 (Ovilla Road). Glenn Heights is a short drive from downtown Dallas and has an estimated population of 19,752 residents. The City operates under a council-manager form of government. The Council is comprised of seven officials including a Mayor and six Council Members.

THE REPORTING ENTITY AND ITS SERVICES

Generally accepted accounting principles require that basic financial statements represent the City (the primary government) and its component units. The Council has the authority to enact legislature, appoint the City Manager, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Government Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity." The City is regulated

by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), development services (public works, planning, and inspections), economic development, recreational services, sanitation, water and sewer utilities, storm drainage and general administrative services.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements should be viewed within the context of the specific environment in which the City operates.

The economic outlook for the City of Glenn Heights includes projections for future land use that will guide the development of specific areas in the community, aligning with the objectives of the new comprehensive plan. This plan emphasizes preferred development strategies that will shape the community's landscape according to anticipated land use needs.

Glenn Heights is experiencing a housing boom that's transforming the city into one of the fastest-growing communities in Dallas and Ellis counties. Fueled by multiple new subdivision developments, taxable property values have surged by 33%, with new homes starting at $450,000 attracting a wave of young families to this vibrant 7.1-square-mile suburb. Among the standout residential projects are Stewart Farms, where Ashton Woods has begun grading work at W Bear Creek Road & S Westmoreland Road, and Valencia Estates (formerly Paradise Estates), located at the southeast corner of Westmoreland Road and W Bear Creek Road. These developments are part of a broader annexation effort expanding the city's southern boundary. As a result of this rapid growth, the average residential market value has climbed 14.9% in just one year, underscoring the city's rising appeal and strong economic momentum.

In conjunction with ongoing housing developments, the City has initiated a plan for higher-density developments aimed at attracting more retail establishments to the area. Furthermore, the vision includes plans for additional usable open spaces that connect pedestrians with local businesses and parks. The concept of mixed-use developments, incorporating multi-family residential buildings alongside neighborhood retail and open space amenities, aligns with the overall vision for future land use.

The City of Glenn Heights has seen a remarkable 15.4% surge in property tax revenue, driven by rising taxable property values. This upward trend not only reflects the city's rapid growth but also strengthens its financial foundation—empowering Glenn Heights to meet the increasing demand for public services and maintain a high quality of life for its residents.

In a bold move to position Glenn Heights as a key player in the tech-driven economy, the City Council approved a major zoning change in 2024 to accommodate a state-of-the-art data center and electrical substation. With the Dallas/Fort Worth region emerging as a national hotspot for data centers, this development is expected to inject an impressive $2 billion into the City's property tax base. Meanwhile, commercial growth is accelerating along the IH 35E corridor and Farm-to-Market 664 (Ovilla Road), bringing new businesses and opportunities to the area. One of the most transformative projects underway

is the IH 35E at Bear Creek Road Improvements Project, a partnership with TxDOT designed to ease traffic congestion and improve connectivity. Together, these initiatives are not only reshaping the city's infrastructure but also enhancing the quality of life for Glenn Heights residents.

As Glenn Heights continues to expand with new housing developments and a growing focus on higher-density and retail projects, the demand for public services is rising in tandem. With the population projected to reach 30,000 by the next census, the City faces the challenge of maintaining service levels amid increasing costs. Currently, property taxes account for 58.9% of the general fund revenue, making diversification of revenue sources a critical priority. To reduce reliance on property taxes, the City is pursuing a commercially driven strategy—encouraging retail growth to boost sales tax revenue and streamlining processes for permits and licenses. This proactive approach will help ensure long-term financial sustainability while supporting the infrastructure and services needed for a thriving, fast-growing community.

THE CITY

The City's ability to diversify and expand its tax revenue base will play a pivotal role in shaping Glenn Heights' economic outlook for both the current and future fiscal years. One of the key challenges lies in identifying new and sustainable funding sources. For example, one cent of the City's sales tax is earmarked for mass public transportation initiatives, such as Dallas Area Rapid Transit (DART), which limits the availability of funds for other essential service programs. This constraint highlights the importance of long-term financial planning to support the City's goals for economic development and infrastructure sustainability. By exploring innovative revenue strategies and strengthening partnerships, Glenn Heights can better position itself to meet the evolving needs of its growing community.

To address these challenges, the City of Glenn Heights is strengthening its partnerships to support smart growth and sustainable development. A key collaboration with Dallas Area Rapid Transit (DART) will help coordinate future developments that not only boost commercial activity but also enhance public transportation options for residents. In addition, the City is working closely with the DeSoto and Red Oak school districts to deliver high-quality services that benefit both students and the broader community. These partnerships are vital to aligning infrastructure improvements with population growth, ensuring Glenn Heights remains a well-connected and thriving place to live.

These quality services are designed to leverage future developments as revenue-generating opportunities—funding the construction of new parks, the development of scenic linear trails, street reconstruction, and the upkeep of vital utility systems. By increasing revenue through strategic growth, the City can allocate resources more effectively to key infrastructure projects, reducing reliance on debt and ensuring long-term financial resilience.

The City of Glenn Heights maintains strong financial health, with sufficient cash reserves and unassigned fund balances in both its general and utility funds. These unrestricted net assets ensure compliance with the City's comprehensive fund balance policy while supporting the delivery of high-quality services to residents.

This solid fiscal foundation positions the City to respond effectively to future growth and infrastructure needs.

Overall, the City's financial outlook remains stable, with general conditions projected to continue meeting fund reserve requirements. Primary revenue sources are showing modest yet steady growth, reinforcing the City's ability to maintain fiscal discipline while supporting essential services and infrastructure investments.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable. Expenditures are recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's proprietary funds are budgeted and maintained on this same basis of accounting for management purposes and converted to full accrual accounting for external reporting purposes.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Internal controls also ensure the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived; the evaluation of cost and benefits requires estimates and judgments by management. We believe the City's internal control structure is developing and will continue to be improved upon.

The budgetary process begins each year with the preparation of revenue estimates by the City's Department of Finance and expenditure estimates by each City department. Estimates are reviewed by the City Manager and evaluated within the total financial framework. Budget proposals are then recommended by the City Manager and reviewed extensively by the City Council, in a process that includes public hearings. Throughout the process, the City Council may make changes as deemed appropriate. The budget is then adopted by ordinance, as well as the City's ad valorem tax rate. All the City's governmental funds, as well as enterprise funds (water and sewer, and drainage), are included in the annual budgetary process.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget adopted by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is established at the fund level. Department Directors are authorized to transfer budgeted expenditures between line items within their respective departments while the City Manager is authorized to transfer budgeted expenditures between departments within a City fund. However, any revisions that alter total expenditures of a City fund must be approved by the City Council.

AUDIT

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all departments of the City by independent certified public accountants selected and engaged by the City Council.

CONCLUSION

The preparation of this report could not be accomplished without the dedicated services of the City's auditors, City Management, and staff of the City's Finance Department. The Finance staff has worked with great effort to ensure the accuracy of this report.

Respectfully submitted,

Sherry Roberts

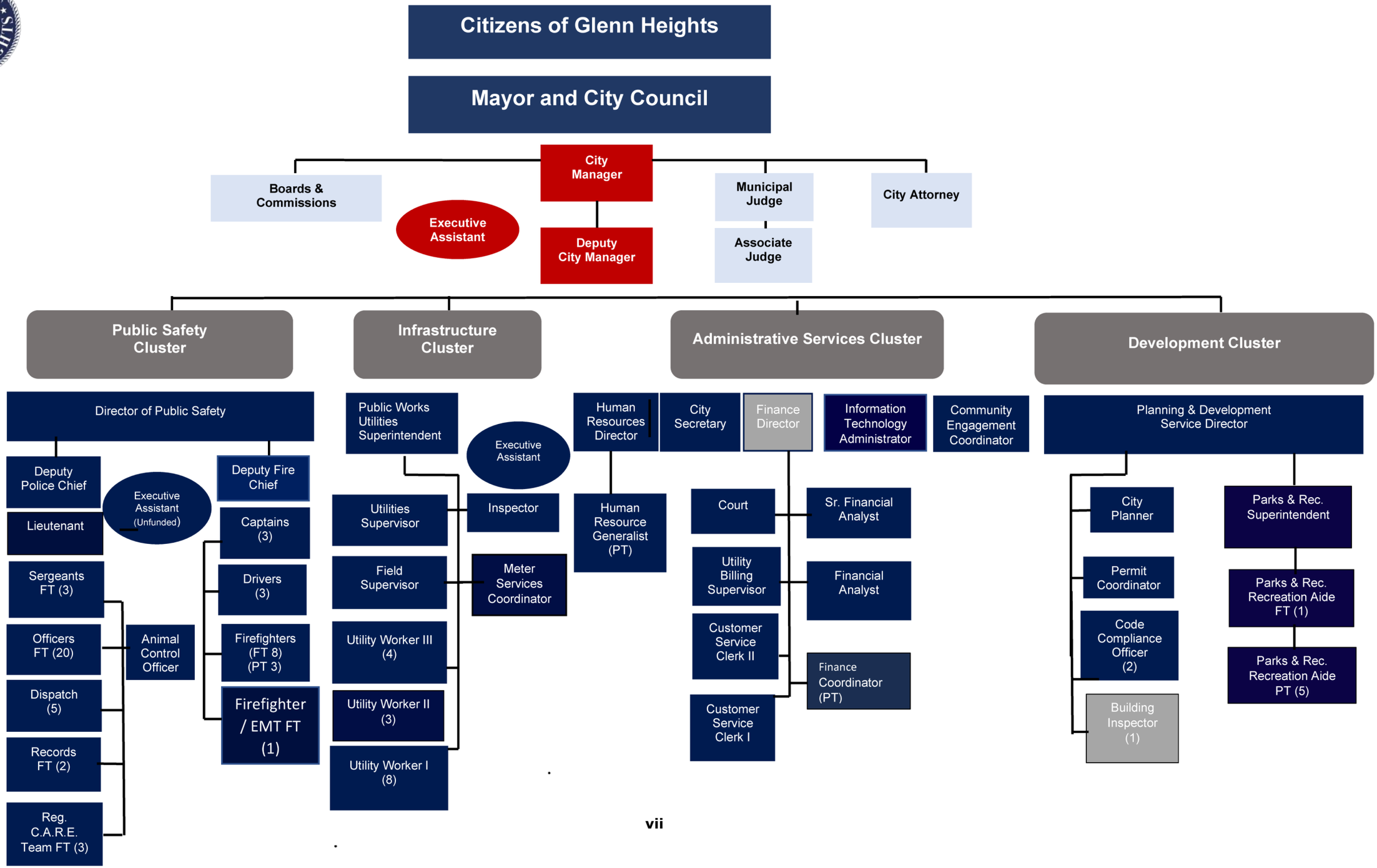
Sherry Roberts, CGFO
Director of Finance

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2024

Mayor	Sonja A. Brown
Mayor Pro Tem	Cornel Benford II
Place 1	Sherron Mosley
Place 2	Harry A. Garrett
Place 3	Travis Bruton
Place 4	Stephanne Hale
Place 5	Laymon M. Lightfoot


Citizens of Glenn Heights
Mayor and City Council
City Manager
Boards & Commissions
Executive Assistant
Deputy City Manager
Municipal Judge
Associate Judge
City Attorney
Public Safety Cluster
Infrastructure Cluster
Administrative Services Cluster
Development Cluster
Director of Public Safety
Deputy Police Chief
Lieutenant
Sergeants FT (3)
Officers FT (20)
Dispatch (5)
Records FT (2)
Reg. C.A.R.E. Team FT (3)
Executive Assistant (Unfunded)
Animal Control Officer
Deputy Fire Chief
Captains (3)
Drivers (3)
Firefighters (FT 8) (PT 3)
Firefighter / EMT FT (1)
Public Works Utilities Superintendent
Executive Assistant
Utilities Supervisor
Inspector
Field Supervisor
Meter Services Coordinator
Utility Worker III (4)
Utility Worker II (3)
Utility Worker I (8)
Human Resources Director
Human Resource Generalist (PT)
City Secretary
Finance Director
Information Technology Administrator
Community Engagement Coordinator
Court
Utility Billing Supervisor
Customer Service Clerk II
Customer Service Clerk I
Sr. Financial Analyst
Financial Analyst
Finance Coordinator (PT)
Planning & Development Service Director
City Planner
Permit Coordinator
Code Compliance Officer (2)
Building Inspector (1)
Parks & Rec. Superintendent
Parks & Rec. Recreation Aide FT (1)
Parks & Rec. Recreation Aide PT (5)

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
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Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council and Citizens
City of Glenn Heights, Texas

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
October 1, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the City of Glenn Heights, Texas we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City. We encourage the readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2024, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by $64,090,348 (net position). Of this amount, $22,214,112 (or 34.7%) was unrestricted.
- For the fiscal year ended September 30, 2024, net position increased by $8,270,614. In fiscal year 2023 the increase was $3,727,167. The increase in fiscal year 2024 is primarily due to increased revenue for charges for services, property taxes and sales taxes.
- At fiscal year-end, the City's governmental funds reported combined ending fund balances of $23,204,805, of which $10,754,789 (or 46.3%) was available for spending at the City's discretion (unassigned and assigned).
- The City's long-term liabilities decreased by $1,202,813. This decrease is the result of annual debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in *more detail* than the government-wide statements.
- *Governmental fund* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- The financial statements also include *notes to the financial statements* explaining some of the information in the financial statements and provide more detailed data.
- The report also contains other supplementary information in addition to the basic financial statements themselves.

The remainder of this overview explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector businesses. The statement of net position includes *all* of the government's assets and liabilities. In the statement of activities, all of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid, and all of the City's g*overnmental activities* and City services are combined and show how they are financed.

Both government-wide statements report the City's *net position* and how it has changed. Net position, the difference between the City's assets, deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant (major) *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific revenue sources and spending for particular purposes.

- *Governmental fund*—The City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because these funds do not encompass the additional long-term focus of the government-wide statements, additional information is provided following each fund statement that explains the relationship (or differences) between them.

- Some funds are required by State law, such as the debt service fund.

- Management may establish other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources, such as capital project funds.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover, and the types of information they contain.

Figure A-1 - Major Features of the City's Government-wide and Fund Financial Statements

Type of Statements	**Government-Wide**	**Fund Level**	
		Governmental Funds	**Proprietary Funds**
Scope	Entire City's government, except fiduciary funds	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business: utilities
Required financial statements	♦ Statement of Net Position ♦ Statement of Activities	♦ Balance Sheet ♦ Statement of Revenues, Expenditures & Changes in Fund Balances	♦ Statement of Net Position ♦ Statement of Revenues, Expenses & Changes in Fund Balances ♦ Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end; expenditures when goods or services have been received and payment is made during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time net position serves as a useful indicator of a government's financial condition. As noted earlier, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by $64,090,348.

The largest portion of the City's net position, $32,974,620 or 51.5%, represents the City's investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure) less any debt used to acquire assets still outstanding at year end. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, $8,901,616 or 13.9%, represents resources that are subject to external restrictions on how they may be used (i.e., debt service, public safety, capital improvements, etc.). The remaining portion, $22,214,112 or 34.7%, may be used at the City's discretion to meet ongoing obligations to its citizens and creditors (unrestricted).

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 27,860,102	$ 30,927,517	$ 9,648,055	$ 7,170,811	$ 37,508,157	$ 38,098,328
Capital assets	31,569,932	26,185,751	13,555,477	12,582,509	45,125,409	38,768,260
Total assets	59,430,034	57,113,268	23,203,532	19,753,320	82,633,566	76,866,588
Total deferred outflows of resources	531,908	954,467	56,793	110,458	588,701	1,064,925
Current liabilities	2,390,680	4,456,532	944,783	962,224	3,335,463	5,418,756
Long-term liabilities	13,005,964	14,039,654	2,345,612	2,514,735	15,351,576	16,554,389
Total liabilities	15,396,644	18,496,186	3,290,395	3,476,959	18,687,039	21,973,145
Total deferred inflows of resources	406,746	134,253	38,134	4,381	444,880	138,634
Net investment in capital assets	21,736,218	15,026,282	11,238,402	10,100,996	32,974,620	25,127,278
Restricted	3,822,768	5,406,624	5,078,848	3,314,121	8,901,616	8,720,745
Unrestricted	18,599,566	19,004,390	3,614,546	2,967,321	22,214,112	21,971,711
Total net position	$ 44,158,552	$ 39,437,296	$ 19,931,796	$ 16,382,438	$ 64,090,348	$ 55,819,734

The following table provides a summary of the City's operations for the year ended September 30, 2024. Overall, the City had an increase in net position of $8,270,614. This increase is attributable to the governmental activities for $4,721,256 and business-type activities for $3,549,358. Revenues for business-type activities increased by $1,979,787. Revenue associated with governmental activities increased by $3,731,725. Significant variances in governmental activities revenues include the following.

- $428,378 increase in property tax revenue,
- $3,642,346 increase in grants and contributions,
- $639,234 decrease in charges for services,
- $359,926 increase in investment earnings.

Total expenses for governmental activities increased by $1,196,126, and total expenses for the City's business-type activities decreased by $28,061 when compared to 2023. Expenses for governmental activities and business-type activities in fiscal year 2024 compared to fiscal year 2023 are due to numerous factors.

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 3,269,301	$ 3,908,535	$ 11,331,833	$ 9,014,316	$ 14,601,134	$ 12,922,851
Operating grants & contributions	4,775	176,352	-	-	4,775	176,352
Capital grants & contributions	3,654,639	12,293	33,979	476,818	3,688,618	489,111
General revenues:						
Property taxes	9,363,297	8,934,919	-	-	9,363,297	8,934,919
Sales taxes	1,274,335	1,131,746	-	-	1,274,335	1,131,746
Franchise fees	697,192	731,228	-	-	697,192	731,228
Investment earnings	1,207,987	848,061	174,691	69,582	1,382,678	917,643
Miscellaneous	147,923	41,227	-	-	147,923	41,227
Gain on sale of capital assets	-	103,363	-	-	-	103,363
Total revenues	19,619,449	15,887,724	11,540,503	9,560,716	31,159,952	25,448,440
Expenses:						
General government	2,426,006	2,820,998	-	-	2,426,006	2,820,998
Public safety	6,219,761	5,715,827	-	-	6,219,761	5,715,827
Development services	3,294,106	2,229,395	-	-	3,294,106	2,229,395
Parks and recreation	954,467	885,500	-	-	954,467	885,500
Economic development	34,226	67,717	-	-	34,226	67,717
Interest and fiscal charges	311,363	324,366	-	-	311,363	324,366
Water, sewer, and drainage	-	-	9,649,409	9,677,470	9,649,409	9,677,470
Total expenses	13,239,929	12,043,803	9,649,409	9,677,470	22,889,338	21,721,273
Increase (decrease) in net position before transfers	6,379,520	3,843,921	1,891,094	(116,754)	8,270,614	3,727,167
Transfers	(1,658,264)	36,775	1,658,264	(36,775)	-	-
Increase (decrease) in net position	4,721,256	3,880,696	3,549,358	(153,529)	8,270,614	3,727,167
Net position, beginning	39,437,296	35,556,600	16,382,438	16,535,967	55,819,734	52,092,567
Net position, ending	$ 44,158,552	$ 39,437,296	$ 19,931,796	$ 16,382,438	$ 64,090,348	$ 55,819,734

FINANCIAL ANALYSIS AND BUDGETARY HIGHLIGHTS OF CITY FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $23,204,805. Approximately 47.1% of the total amount constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $10,779,600, while total fund balance was $10,789,600. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 87.5% of total General Fund expenditures. The net increase in fund balance during the current year in the General Fund was $2,242,685. An analysis of the General Fund operations in the current year is as follows:

- The City's property tax rate for maintenance and operations (M&O) decreased from $0.532646 to $0.481680 in the current fiscal year. The tax assessed values increased, therefore, M&O tax revenues increased by $492,621 as compared against prior year.

- Licenses and permit fees decreased by $560,159, primarily due to large development activity within the City in prior year.

- Sales and use taxes and fines and forfeitures had an increase $142,589 over the prior year as a result of increases in sales taxes.

- General fund expenditures increased by $1,514,577 due to an increase in salary expenses related to budgeted raises for employees and capital related expenditures for public safety.

The Capital Project Fund had a net increase of $2,653,647. Expenditures exceeded intergovernmental and investment earnings.

The American Rescue Plan Act Fund had a net increase in fund balances of $72,864 caused by investment earnings received for the year.

The Park Development Fund had a net decrease in fund balance of $585,244 caused by the continued spending of resources restricted for parks development.

The majority of revenues for the City's governmental funds are generated from taxes (58.2%), licenses and permits (3.4%), and charges for services (11.5%). The remainder (26.8%) is obtained from franchise fees, grants and contributions, fines and forfeitures, and other miscellaneous sources.

PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Wastewater and Drainage funds at the end of the year amounted to $2,613,582 and $1,000,964, respectively. The net position of the Water and Wastewater fund increased by $3,680,453 while the net position of the Drainage fund decreased by $131,095. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Total actual General Fund revenues were more than expected, primarily due to revenues from arising sales tax and investment earnings, as well as charges for services that were in excess of budgeted amounts. Revenue sources were more than anticipated in property tax, sales and use tax, and miscellaneous revenue. See details of budget and actual revenues and expenditures for the General Fund in the required supplementary information.

City policy requires the General unassigned fund balance to reflect no less than 60 days of General Fund expenditures. At September 30, 2024, unassigned General fund balance reflected 291 days of total General Fund expenditures.

CAPITAL ASSETS

As of September 30, 2024, the City had invested $45,125,409 in a broad range of capital assets, including infrastructure, equipment, buildings, and vehicles. More detailed information about the City's capital assets can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	$ 1,053,583	$ 901,893	$ 35,161	$ 35,161	$ 1,088,744	$ 937,054
Construction in progress	3,654,574	15,181,621	1,370,635	3,694,543	5,025,209	18,876,164
Buildings	15,725,158	829,956	295,699	295,699	16,020,857	1,125,655
Improvements	1,033,552	1,033,552	-	-	1,033,552	1,033,552
Infrastructure	10,583,012	10,083,012	16,334,112	16,334,112	26,917,124	26,417,124
Vehicles	4,017,180	2,621,905	471,690	437,712	4,488,870	3,059,617
Equipment	3,051,787	2,827,438	4,837,291	1,302,404	7,889,078	4,129,842
Less accumulated depreciation	(7,548,914)	(7,293,626)	(9,789,111)	(9,517,122)	(17,338,025)	(16,810,748)
Totals	$ 31,569,932	$ 26,185,751	$ 13,555,477	$ 12,582,509	$ 45,125,409	$ 38,768,260

During the current year, significant additions to capital assets include the following:

- Construction in progress - Uhl Road Project and All Abilities Park Improvements: $3,788,818
- Buildings – City Hall, Community Center, Public Safety Building: $15,020,155
- Vehicles- Police Vehicles and Spartan Aerial Ladder Truck $1,908,102

DEBT ADMINISTRATION

At year-end, the City had $15,176,311 in outstanding debt and other long-term liabilities, as shown below. More detailed information about the City's debt is presented in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Certificates of obligation	$ 670,000	$ 910,000	$ -	$ -	$ 670,000	$ 910,000
General obligation bonds	10,320,000	10,985,000	-	-	10,320,000	10,985,000
Premium on debt	850,265	921,119	-	-	850,265	921,119
Notes payable	389,867	481,464	2,317,075	2,481,513	2,706,942	2,962,977
Leases payable	172,363	259,541	-	-	172,363	259,541
Compensated absences payable	428,204	326,933	28,537	33,222	456,741	360,155
Totals	$12,830,699	$13,884,057	$ 2,345,612	$ 2,514,735	$15,176,311	$16,398,792

Notes and certificates of obligation decreased in the current year primarily due to annual payments made. The City's bond ratings are AA- as assigned by Standard & Poor's.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The economy continues to be strong for the City of Glenn Heights. The City is experiencing stable growth and remains optimistic that existing properties will continue to appreciate. In fiscal year 2024, the City's net taxable property values increased approximately 20.8% from $1,361,094,221 in fiscal year 2023 to $1,644,394,310 in fiscal year 2024. The City's total property tax rate decreased from $0.632211/100 to $0.564729/100, the City's I&S tax decreased from $0.099565100 to $0.083049/100, and the City's M&O tax rate decreased from $0.532646/100 to $0.481680/100.

In fiscal year 2025 the City's property values are expected to continue to increase. In large part because of the ongoing housing development projects within the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Any questions about this report or need for additional financial information should be addressed to City of Glenn Heights, Attn: City Secretary, 1938-C South Hampton Road, Glenn Heights, TX, 75154.

BASIC FINANCIAL STATEMENTS

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CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 24,987,052	$ 2,038,282	$ 27,025,334
Cash and cash equivalents-restricted	-	5,847,265	5,847,265
Receivables, net	1,422,747	1,560,805	2,983,552
Inventory	3,277	33,643	36,920
Prepaid expenses	6,723	344	7,067
Net pension asset	1,440,303	167,716	1,608,019
Capital assets:			
Non-depreciable	4,708,157	1,405,796	6,113,953
Depreciable, net	26,861,775	12,149,681	39,011,456
Total assets	59,430,034	23,203,532	82,633,566
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	487,728	56,793	544,521
OPEB related	44,180	-	44,180
Total deferred outflows	531,908	56,793	588,701
LIABILITIES			
Accounts payable	912,495	90,317	1,002,812
Accrued liabilities	153,745	28,963	182,708
Accrued interest	61,443	40,058	101,501
Unearned revenue	1,037,972	-	1,037,972
Customer deposits	8,100	783,125	791,225
Retainage payable	216,925	2,320	219,245
Noncurrent liabilities:			
Due within one year			
Long-term debt	1,198,620	174,169	1,372,789
Total OPEB liability - SDBF	3,683	-	3,683
Due in more than one year			
Long-term debt	11,632,079	2,171,443	13,803,522
Total OPEB liability - SDBF	171,582	-	171,582
Total liabilities	15,396,644	3,290,395	18,687,039
DEFERRED INFLOWS OF RESOURCES			
Pension related	327,487	38,134	365,621
OPEB related	79,259	-	79,259
Total deferred inflows	406,746	38,134	444,880
NET POSITION			
Net investment in capital assets	21,736,218	11,238,402	32,974,620
Restricted for:			
Debt service	9,902	-	9,902
Municipal court	19,328	-	19,328
Street improvements	1,731,102	-	1,731,102
Public safety	322,475	-	322,475
Parks	896,962	-	896,962
Housing	842,999	-	842,999
Water and sewer improvements	-	5,078,848	5,078,848
Unrestricted	18,599,566	3,614,546	22,214,112
Total net position	$ 44,158,552	$ 19,931,796	$ 64,090,348

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	$ 2,426,006	$ 583,541	$ -	$ 2,959,600
Public safety	6,219,761	556,901	4,775	-
Development services	3,294,106	1,932,415	-	695,039
Parks and recreation	954,467	196,444	-	-
Economic development	34,226	-	-	-
Interest and fiscal charges	311,363	-	-	-
Total governmental activities	13,239,929	3,269,301	4,775	3,654,639
Business-type activities:				
Water and wastewater	9,063,526	10,931,748	-	-
Drainage	585,883	400,085	-	33,979
Total business-type activities	9,649,409	11,331,833	-	33,979
Total primary government	$ 22,889,338	$ 14,601,134	$ 4,775	$ 3,688,618
General revenues:				
Taxes:				
Property				
Sales				
Franchise				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ 1,117,135	$ -	$ 1,117,135
(5,658,085)	-	(5,658,085)
(666,652)	-	(666,652)
(758,023)	-	(758,023)
(34,226)	-	(34,226)
(311,363)	-	(311,363)
(6,311,214)	-	(6,311,214)
-	1,868,222	1,868,222
-	(151,819)	(151,819)
-	1,716,403	1,716,403
(6,311,214)	1,716,403	(4,594,811)
9,363,297	-	9,363,297
1,274,335	-	1,274,335
697,192	-	697,192
1,207,987	174,691	1,382,678
147,923	-	147,923
(1,658,264)	1,658,264	-
11,032,470	1,832,955	12,865,425
4,721,256	3,549,358	8,270,614
39,437,296	16,382,438	55,819,734
$ 44,158,552	$ 19,931,796	$ 64,090,348

CITY OF GLENN HEIGHTS, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

	General	Capital Projects	Park Development
ASSETS			
Cash and cash equivalents	$ 10,832,458	$ 8,949,166	$ 1,568,875
Receivables, net:			
Taxes	368,341	-	-
Accounts	544,706	-	-
Court fines	480,104	-	-
Inventory	3,277	-	-
Due from other funds	24,811	-	-
Prepaid items	6,723	-	-
Total assets	12,260,420	8,949,166	1,568,875
LIABILITIES			
Accounts payable	425,917	-	454,988
Customer deposits	8,100	-	-
Retainage payable	-	-	216,925
Accrued liabilities	153,745	-	-
Due to other funds	-	-	-
Unearned revenue	14,682	548,186	-
Total liabilities	602,444	548,186	671,913
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	94,430	-	-
Unavailable revenue - court fines	480,105	-	-
Unavailable revenue - ambulance	293,841	-	-
Total deferred inflows of resources	868,376	-	-
FUND BALANCES			
Nonspendable:			
Prepaid item	6,723	-	-
Inventory	3,277	-	-
Restricted for:			
Public safety	-	-	-
Debt service	-	-	-
Municipal court	-	-	-
Capital projects	-	2,568,781	-
Street improvements	-	-	-
Park improvements	-	-	896,962
Housing	-	-	-
Committed for:			
Capital projects	-	5,832,199	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	10,779,600	-	-
Total fund balances	10,789,600	8,400,980	896,962
Total liabilities, deferred inflows of resources and fund balances	$ 12,260,420	$ 8,949,166	$ 1,568,875

The accompanying notes are an integral part of these financial statements.

American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 602,833	$ 3,033,720	$ 24,987,052
-	29,596	397,937
-	-	544,706
-	-	480,104
-	-	3,277
-	-	24,811
-	-	6,723
602,833	3,063,316	26,444,610
23,553	8,037	912,495
-	-	8,100
-	-	216,925
-	-	153,745
-	24,811	24,811
475,104	-	1,037,972
498,657	32,848	2,354,048
-	17,381	111,811
-	-	480,105
-	-	293,841
-	17,381	885,757
-	-	6,723
-	-	3,277
104,176	218,299	322,475
-	53,964	53,964
-	19,328	19,328
-	-	2,568,781
-	1,731,102	1,731,102
-	-	896,962
-	842,999	842,999
-	-	5,832,199
-	172,206	172,206
-	(24,811)	10,754,789
104,176	3,013,087	23,204,805
$ 602,833	$ 3,063,316	$ 26,444,610

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CITY OF GLENN HEIGHTS, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance governmental funds	$ 23,204,805
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	31,569,932
Uncollected revenues are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	
Property taxes	111,811
Ambulance fees	293,841
Court fines	480,105
Long-term assets, including the net pension asset, are not current financial resources and therefore are not reported in the governmental funds balance sheet.	
Net pension asset	1,440,303
Deferred inflows of resources - pension related	(327,487)
Deferred outflows of resources - pension related	487,728
Long-term liabilities, including bonds payable, notes payable, compensated absences, OPEB liabilities and net pension liability, as well as their related deferred inflows/outflows of resources, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	
Bonds payable	(10,990,000)
Notes payable	(389,867)
Issuance premium	(850,265)
Leases payable	(172,363)
Compensated absences	(428,204)
Total OPEB liability - SDBF	(175,265)
Deferred inflows of resources - OPEB SDBF related	(79,259)
Deferred outflows of resources - OPEB SDBF related	44,180
Interest payable on long-term debt in the City's governmental activities is not payable from current resources and therefore is not reported in the governmental funds balance sheet.	(61,443)
Net position of governmental activities	$ 44,158,552

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Capital Projects	Debt Service*
REVENUES			
Taxes:			
Property	$ 8,008,373	$ -	
Franchise	697,192	-	
Sales	1,274,335	-	
Licenses and permits	673,076	-	
Fines and forfeitures	230,763	-	
Charges for services	2,086,359	-	
Intergovernmental	-	118,153	
Investment earnings	488,484	554,506	
Miscellaneous	128,801	-	
Total revenues	13,587,383	672,659	
EXPENDITURES			
Current:			
General government	2,641,812	-	
Public safety	5,827,818	-	
Development services	2,726,877	-	
Parks and recreation	934,883	-	
Economic development	10,867	-	
Capital outlay	80,585	3,326,306	
Debt service:			
Principal	87,178	-	
Interest and other	5,480	-	
Total expenditures	12,315,500	3,326,306	
Excess (deficiency) of revenue over expenditures	1,271,883	(2,653,647)	
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	19,122	-	
Transfers in	1,105,775	-	
Transfers out	(154,095)	-	
Total other financing sources (uses)	970,802	-	
Net change in fund balances	2,242,685	(2,653,647)	
Fund balance - beginning of year	8,546,915	11,054,627	68,741
ACCOUNTING CHANGES			
Change within the financial reporting entity	-	-	(68,741)
Fund balance as restated - beginning of year	8,546,915	11,054,627	-
Fund balance - end of year	$ 10,789,600	$ 8,400,980	$ -

*Formerly a major fund
^Formerly a nonmajor fund

Park Development^	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 1,382,835	$ 9,391,208
-	-	-	697,192
-	-	-	1,274,335
-	-	-	673,076
-	-	9,768	240,531
56,238	-	106,274	2,248,871
-	2,841,447	699,814	3,659,414
30,431	72,864	61,702	1,207,987
-	-	-	128,801
86,669	2,914,311	2,260,393	19,521,415
-	-	-	2,641,812
-	11,505	69,029	5,908,352
-	-	-	2,726,877
-	-	-	934,883
-	-	23,359	34,226
671,913	1,829,942	393,060	6,301,806
-			
-	-	996,597	1,083,775
-	-	412,190	417,670
671,913	1,841,447	1,894,235	20,049,401
(585,244)	1,072,864	366,158	(527,986)
-	-	-	19,122
-	-	154,095	1,259,870
-	(1,000,000)	(1,764,039)	(2,918,134)
-	(1,000,000)	(1,609,944)	(1,639,142)
(585,244)	72,864	(1,243,786)	(2,167,128)
-	31,312	5,670,338	25,371,933
1,482,206	-	(1,413,465)	-
1,482,206	31,312	4,256,873	25,371,933
$ 896,962	$ 104,176	$ 3,013,087	$ 23,204,805

The accompanying notes are an integral part of these financial statements.

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CITY OF GLENN HEIGHTS, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	$ (2,167,128)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	6,528,653
Depreciation expense	(1,144,472)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The details of these differences are as follows:	
Property taxes	(27,911)
Ambulance fees	17,401
Court fines	89,422
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. The details of these differences are as follows:	
Compensated absences	(101,272)
Accrued interest	35,452
Net pension asset	331,212
Total OPEB liability - SDBF	5,269
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while repayment of the principal long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Payments on bonds	905,000
Payments on leases payable	87,178
Payments on notes payable	91,597
Amortization of premium on bond issuance	70,855
Change in net position of governmental activities	$ 4,721,256

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2024

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,106,624	$ 931,658	$ 2,038,282
Cash and cash equivalents-restricted	5,847,265	-	5,847,265
Accounts receivable, net	1,515,558	45,247	1,560,805
Inventories	33,643	-	33,643
Prepaid items	344	-	344
Total current assets	8,503,434	976,905	9,480,339
Noncurrent assets:			
Net pension asset	136,038	31,678	167,716
Capital assets:			
Non-depreciable	1,405,796	-	1,405,796
Depreciable, net	12,013,010	136,671	12,149,681
Total noncurrent assets	13,554,844	168,349	13,723,193
Total assets	22,058,278	1,145,254	23,203,532
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	46,066	10,727	56,793
Total deferred outflows of resources	46,066	10,727	56,793
LIABILITIES			
Current liabilities:			
Accounts payable	89,650	667	90,317
Accrued liabilities	25,438	3,525	28,963
Accrued interest	40,058	-	40,058
Retainage payable	2,320	-	2,320
Payable from restricted assets:			
Customer deposits	783,125	-	783,125
Noncurrent liabilities:			
Due within one year:			
Loan payable	168,462	-	168,462
Compensated absences	4,317	1,390	5,707
Total current liabilities	1,113,370	5,582	1,118,952
Due in more than one year:			
Loan payable	2,148,613	-	2,148,613
Compensated absences	17,269	5,561	22,830
Total noncurrent liabilities	2,165,882	5,561	2,171,443
Total liabilities	3,279,252	11,143	3,290,395
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	30,931	7,203	38,134
Total deferred inflows of resources	30,931	7,203	38,134
NET POSITION			
Net investment in capital assets	11,101,731	136,671	11,238,402
Restricted for water and sewer improvements	5,078,848	-	5,078,848
Unrestricted	2,613,582	1,000,964	3,614,546
Total net position	$ 18,794,161	$ 1,137,635	$ 19,931,796

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
OPERATING REVENUES			
Charges for services:			
Water sales	$ 4,843,614	$ -	$ 4,843,614
Sewer sales	5,700,555	-	5,700,555
Drainage sales	-	397,825	397,825
Service charges	178,930	2,260	181,190
Water and sewer connections	110,724	-	110,724
Miscellaneous	97,925	-	97,925
Total operating revenues	10,931,748	400,085	11,331,833
OPERATING EXPENSES			
Personnel services	740,342	174,129	914,471
Supplies	64,776	12,508	77,284
Contractual services	5,042,815	366,594	5,409,409
Waste water treatment	844,411	-	844,411
Water purchases	1,862,799	-	1,862,799
Depreciation	443,249	32,652	475,901
Total operating expenses	8,998,392	585,883	9,584,275
Operating income (loss)	1,933,356	(185,798)	1,747,558
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	138,192	36,499	174,691
Capital contributions	-	33,979	33,979
Loss on sale of capital assets	(7,094)	-	(7,094)
Interest and other	(58,040)	-	(58,040)
Total nonoperating revenues	73,058	70,478	143,536
Income (loss) before transfers	2,006,414	(115,320)	1,891,094
TRANSFERS			
Transfer in	1,695,039	-	1,695,039
Transfers out	(21,000)	(15,775)	(36,775)
Total transfers	1,674,039	(15,775)	1,658,264
Change in net position	3,680,453	(131,095)	3,549,358
Net position - beginning of year	15,113,708	1,268,730	16,382,438
Net position - end of year	$ 18,794,161	$ 1,137,635	$ 19,931,796

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR END SEPTEMBER 30, 2024

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 10,996,971	$ 417,309	$ 11,414,280
Payments to suppliers and service providers	(7,837,429)	(382,670)	(8,220,099)
Payments to employees for salaries and benefits	(775,578)	(179,777)	(955,355)
Net cash provided (used) by operating activities	2,383,964	(145,138)	2,238,826
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash paid (to) from other funds	1,674,039	(15,775)	1,658,264
Net cash provided (used) by noncapital financing activities	1,674,039	(15,775)	1,658,264
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,625,775)	(7,361)	(1,633,136)
Interest paid on bonds and notes	(60,723)	-	(60,723)
Net cash provided (used) by capital and related financing activities	(1,686,498)	(7,361)	(1,693,859)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	138,192	36,499	174,691
Net cash provided (used) by investing activities	138,192	36,499	174,691
Net increase (decrease) in cash and cash equivalents	2,509,697	(131,775)	2,377,922
Cash and cash equivalents - beginning	4,444,192	1,063,433	5,507,625
Cash and cash equivalents - ending	$ 6,953,889	$ 931,658	$ 7,885,547

The accompanying notes are an integral part of these financial statements.

CITY OF GLENN HEIGHTS, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR END SEPTEMBER 30, 2024

	Enterprise Funds		
	Water and Wastewater	Drainage	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,933,356	$ (185,798)	$ 1,747,558
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	443,249	32,652	475,901
(Increase) decrease in accounts receivable	37,923	17,224	55,147
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventories	(33,643)	-	(33,643)
(Increase) decrease in deferred outflows related to pensions	42,773	10,892	53,665
(Increase) decrease in net pension asset	(98,325)	(22,500)	(120,825)
Increase (decrease) in accounts payable	11,015	(3,568)	7,447
Increase (decrease) in accrued liabilities	(2,131)	(661)	(2,792)
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in compensated absences	(4,960)	275	(4,685)
Increase (decrease) in deferred inflows related to pensions	27,407	6,346	33,753
Increase (decrease) in customer deposits	27,300	-	27,300
Total adjustments	450,608	40,660	491,268
Net cash provided (used) by operating activities	$ 2,383,964	$ (145,138)	$ 2,238,826

The accompanying notes are an integral part of these financial statements.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Glenn Heights, Texas (the City) was incorporated on September 16, 1969, to operate as a general law city. In August 1987, the City amended its charter and currently operates as a home rule city. The City is regulated by the Code of State Statutes of the State of Texas and is authorized to perform the following services: public safety (police and fire), public works, planning, inspection, sanitation, water and sewer utilities, storm drainage, and general administrative services. The City operates under a council-manager form of government. The Council is comprised of seven officials including a mayor and six council members.

The City prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The Council has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the GASB.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and are appropriately presented as funds of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Blended Component Unit

The Glenn Heights Housing Finance Corporation (GHHFC) was created in 2016 by state law for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford. The GHHFC was created as a housing finance corporation pursuant to Chapter 394 of the Texas Local Government Code.

The City Council is the governing board for the Corporation. Further, the City Council has the ability to impose its will on the entity. The Corporation is presented as a governmental fund type and has a September 30 year-end. Separately issued financial statements are not available for GHHFC.

B. Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for interfund services provided and other charges between the City's various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for the acquisition of capital assets or construction of major capital projects being financed by 2015 and 2016 bond proceeds.

The Parks Development Fund accounts for the acquisition of capital assets or construction of major capital projects being financed by park development fees.

The American Rescue Plan Act Fund is used to account for expenditures and receipts related to the coronavirus local fiscal recovery fund grant program. The purpose of this grant is to help alleviate the costs incurred by the City as a result of the COVID-19 pandemic.

The City reports the following major proprietary fund:

The Water and Wastewater Fund is used to account for water and sewer improvements and operations.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities (i.e., the governmental) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfer in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current* financial *resources* or *economic* resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of* accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, court fines, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period of availability for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting.*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government.

Investments

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Restricted Assets

Certain resources set aside for the repayment of customer utility deposits are classified as restricted assets on the balance sheet because their use is limited to such purpose. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Receivables and Allowances for Doubtful Accounts

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are based on the appraised values provided by the Dallas County and Ellis County Appraisal Districts, as applicable. Taxes are levied by October 1 of each year, and are due in full with no discounts granted. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City. The City's current policy is to write-off uncollectible personal property taxes after four years.

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund statement of net position. Capital assets are defined by the government as assets with an initial cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Property, plant, and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10 - 40
Infrastructure	10 - 50
Improvements	5 - 30
Equipment	3 - 10
Vehicles	2 - 10
Right-to-use equipment	3 - 10

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items per the consumption method in both government-wide and fund financial statements.

Unearned Revenues

Unearned revenues are reported when cash is received before the related performance or eligibility requirements are met. These relate primarily to the grant funds received in advance for the COVID-19 ARPA grants, which will be recognized in future years to the extent that funds are spent. The City also reports unearned revenues for facility rental payments received before the rental is used, DART, opioid lawsuit funds and developer agreement revenue.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Net Position and Fund Balance

Net position represents the difference between assets, deferred outflows of resources and deferred inflows of resources and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, governmental funds report fund balance categorized as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally) imposed by creditors, grantors, contributors, or laws of regulations of other governments, of (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification includes amounts intended to be used by the City for specific purposes. The City Council has designated the City Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned fund balance – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The City's General Fund policy requires no less than 60 days of General Fund expenditures in unassigned fund balance.

Net Position

Net position represents the difference between assets, deferred outflows/inflows and liabilities. Net position-net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

Deficit Fund Balance

As of year-end, the Veterans Memorial and Grant funds had deficit unassigned fund balances in the amounts of $117 and $24,694, respectively. The deficit will be covered by future revenues or a transfer from the General Fund.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The City may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

The Texas Short-Term Asset Reserve Investment Pool ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest. TexSTAR invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective. The reported value of the pool is the same as the fair value of the pool shares. Due to its short-term, highly liquid nature, investments in TexSTAR have been reported as cash equivalents.

TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

In compliance with the Public Funds Investment Act, the government has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to the City. The City's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The City is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk: This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the City's policy to limit its investments to those investments rated at least AAAm. The credit quality rating for TexSTAR at year end was AAAm by Standard & Poor's.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy requires management to minimize risk of loss due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. The City is not exposed to foreign currency risk.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the City's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the City's policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The City is not exposed to concentration of credit risk.

As of September 30, 2024 the fair value of the City's TexStar investments was $ 26,314,136 and the investments have a weighted average maturity of 24 days.

B. Receivables

Receivables as of year-end for the City's individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General Fund	Nonmajor Governmental Fund	Totals
Property taxes	$ 194,865	$ 39,144	$ 234,009
Sales taxes	216,610	-	216,610
Ambulance	696,451	-	696,451
Garbage	359,501	-	359,501
Court fines	584,780	-	584,780
Other	-	-	-
Gross receivables	2,052,207	39,144	2,091,351
Less: allowance for uncollectibles	(659,056)	(9,548)	(668,604)
Total receivables, net	$ 1,393,151	$ 29,596	$ 1,422,747

Receivables	Water & Wastewater Fund	Drainage Fund
Utility fees	$ 2,344,880	$ 74,172
Less: allowance for uncollectibles	(829,322)	(28,925)
Total receivables, net	$ 1,515,558	$ 45,247

C. Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 901,893	$ 151,690	$ -	$ 1,053,583
Construction in progress	15,181,621	3,744,092	(15,271,139)	3,654,574
Total capital assets, not being depreciated	16,083,514	3,895,782	(15,271,139)	4,708,157
Capital assets, being depreciated:				
Buildings	829,956	15,020,154	(124,952)	15,725,158
Parks and improvements	1,033,552	-	-	1,033,552
Infrastructure - streets	10,083,012	500,000	-	10,583,012
Vehicles	2,621,905	1,908,102	(512,827)	4,017,180
Right-to-use equipment	537,246	-	-	537,246
Equipment	2,290,192	599,462	(375,113)	2,514,541
Total capital assets, being depreciated	17,395,863	18,027,718	(1,012,892)	34,410,689
Less: accumulated depreciation				
Buildings	(258,875)	(24,051)	42,171	(240,755)
Parks and improvements	(817,097)	(12,406)	-	(829,503)
Infrastructure - streets	(2,603,657)	(453,141)	-	(3,056,798)
Vehicles	(2,068,920)	(255,311)	512,827	(1,811,404)
Right-to-use equipment	(377,478)	(171,531)	-	(549,009)
Equipment	(1,167,599)	(228,032)	334,186	(1,061,445)
Total accumulated depreciation	(7,293,626)	(1,144,472)	889,184	(7,548,914)
Total capital assets being depreciated, net	10,102,237	16,883,246	(123,708)	26,861,775
Governmental activities capital assets, net	$ 26,185,751	$ 20,779,028	$ (15,394,847)	$ 31,569,932

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 35,161	$ -	$ -	$ 35,161
Construction in Progress	3,694,543	1,322,160	(3,646,068)	1,370,635
Total capital assets, not being depreciated	3,729,704	1,322,160	(3,646,068)	1,405,796
Capital assets, being depreciated:				
Buildings	295,699	-	-	295,699
Infrastructure - water	10,230,712	-	-	10,230,712
Infrastructure - sewer	5,842,307	-	-	5,842,307
Infrastructure - drainage	261,093	-	-	261,093
Vehicles	437,712	33,978	-	471,690
Equipment	1,302,404	3,765,071	(230,184)	4,837,291
Total capital assets, being depreciated	18,369,927	3,799,049	(230,184)	21,938,792
Less: accumulated depreciation				
Buildings	(217,008)	(7,177)	-	(224,185)
Infrastructure - water	(5,362,024)	(229,847)	-	(5,591,871)
Infrastructure - sewer	(2,651,167)	(116,952)	-	(2,768,119)
Infrastructure - drainage	(161,821)	(5,289)	-	(167,110)
Vehicles	(396,665)	(26,081)	-	(422,746)
Equipment	(728,437)	(90,555)	203,912	(615,080)
Total accumulated depreciation	(9,517,122)	(475,901)	203,912	(9,789,111)
Total capital assets being depreciated, net	8,852,805	3,323,148	(26,272)	12,149,681
Business-Type activities capital assets, net	$ 12,582,509	$ 4,645,308	$ (3,672,340)	$ 13,555,477

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:	
General government	$ 50,501
Public safety	463,535
Development services	594,634
Parks and recreation	35,802
Total	$ 1,144,472
Business-type activities:	
Water and sewer	$ 443,249
Drainage	32,652
Total	$ 475,901

D. Interfund Receivables, Payables, and Transfers

The compositions of interfund balances as of September 30, 2024 are as follows:

Payable Fund	Receivable Fund	Amount	Purpose
Nonmajor governmental funds	General fund	$ 24,811	Short-term loans

The outstanding balances between funds result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund activity for the year ended September 30, 2024 is as follows:

Transfer Out	Transfer In	Amount	Purpose
Water and wastewater	General fund	$ 21,000	Payment in lieu of taxes
Drainage	General fund	15,775	Payment in lieu of taxes
ARPA	General fund	1,000,000	Grant reimbursement
Nonmajor governmental	General fund	69,000	Subsidize project
General fund	Nonmajor governmental	154,095	Subsidize project
Nonmajor governmental	Water and wastewater	1,695,039	Payment in lieu of taxes & grants
Total		$ 2,954,909	

E. Long-term Debt

Changes in the City's long-term liabilities for the year ended September 30, 2024 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Certificates of obligation debt	$ 910,000	$ -	$ (240,000)	$ 670,000	$ 245,000
General obligation debt	10,985,000	-	(665,000)	10,320,000	690,000
Premium on debt	921,120	-	(70,855)	850,265	-
Notes payable	481,464	-	(91,597)	389,867	93,887
Leases payable	259,541	-	(87,178)	172,363	84,092
Compensated absences	326,932	322,331	(221,059)	428,204	85,641
Total governmental activities	$ 13,884,057	$ 322,331	$ (1,375,689)	$ 12,830,699	$ 1,198,620
Business-type activities:					
Notes payable	$ 2,481,513	$ -	$ (164,438)	$ 2,317,075	$ 168,462
Compensated absences	33,222	33,406	(38,091)	28,537	5,707
Total business-type activities	$ 2,514,735	$ 33,406	$ (202,529)	$ 2,345,612	$ 174,169

Bonds Payable

The City issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the government. All of the City's General Obligation bonds and Contractual Obligation-Private Placement are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law. The City's Certificates of Obligation issues are direct obligations of the City, payable from a combination of (i) an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000) of the surplus net revenues of the City's Water and Wastewater System. Should the City default on its outstanding bonds, any registered owner of the certificates is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring specific performance from the City. Bonds payable at September 30, 2024 are comprised of the following issues:

Governmental Activities:	
2008 Certificates of Obligation, original issue $2,050,000, dated September 1, 2008, due in annual installments through February 15, 2028, at 4.04% interest.	$ 555,000
2015 Certificates of Obligation, original issue $725,000, dated September 10, 2015, due in annual installments through September 30, 2025, at 2.37% interest.	115,000
2016 General Obligation Refunding Bonds, original issue $13,820,000, dated August 23, 2016, due in annual installments through February 15, 2036, at 2.65% interest.	10,320,000
Total	$ 10,990,000

The debt service requirements for the City's certificates of obligation are as follows:

	Certificates of Obligation		
Fiscal Year	Principal	Interest	Total
2025	$ 245,000	$ 21,159	$ 266,159
2026	135,000	14,443	149,443
2027	140,000	8,888	148,888
2028	150,000	3,030	153,030
Total	$ 670,000	$ 47,520	$ 717,520

The debt service requirements for the City's general obligations are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 690,000	$ 336,700	$ 1,026,700
2026	710,000	308,800	1,018,800
2027	740,000	287,050	1,027,050
2028	765,000	264,475	1,029,475
2029	810,000	240,850	1,050,850
2030-2034	4,535,000	809,850	5,344,850
2035-2036	2,070,000	83,600	2,153,600
Total	$ 10,320,000	$ 2,331,325	$ 12,651,325

Notes Payable (Direct Borrowings)

In 2017, the City entered into a State Infrastructure Bank Loan agreement in the amount of $1,500,000. The proceeds will be used to relocate utility lines for road construction. In 2021, the City entered into a capital loan agreement in the amount of $2,800,000, to partially fund an automated meter reader (AMR) project. Should the City default on the notes, the lender may, by all legal and equitable means, require the City to remedy any default under the use and filing of mandamus proceedings. Notes payable at September 30, 2024 are as follows:

Governmental Activities:	
2017 State Infrastructure Bank Loan Agreement, original issue $1,500,000, dated September 25, 2017, due in annual installments through October 02, 2027, at 2.50% interest.	$ 389,867
Business-Type Activities:	
2021 Capital Loan Agreement, original issue $2,800,000, dated January 5, 2021, due in annual installments through January 15, 2036, at 2.45% interest.	$ 2,317,075

The debt service requirements for the City's notes payable are as follows:

Notes Payable - Governmental Activities

Fiscal Year	Principal	Interest	Total
2025	$ 93,887	$ 8,573	$ 102,460
2026	96,234	6,197	102,431
2027	98,640	3,761	102,401
2028	101,106	1,264	102,370
Total	$ 389,867	$ 19,795	$ 409,662

Notes Payable - Business-type Activities

Fiscal Year	Principal	Interest	Total
2025	$ 168,462	$ 56,699	$ 225,161
2026	172,584	52,577	225,161
2027	176,807	48,353	225,160
2028	181,134	44,027	225,161
2029	185,566	39,595	225,161
2030-2034	998,206	127,598	1,125,804
2035-2036	434,316	16,006	450,322
Total	$ 2,317,075	$ 384,855	$ 2,701,930

Leases Payable

In fiscal year 2019, the City entered into a lease with Motorola Solutions in the amount of $536,744. The lease carries an interest rate of 4.86% with the final payment in November 2025. Annual debt service requirements to maturity for the lease is as follows:

Leases Payable

Fiscal Year	Principal	Interest	Total
2025	$ 84,092	$ 8,566	$ 92,658
2026	88,271	4,387	92,658
Total	$ 172,363	$ 12,953	$ 185,316

Compensated Absences

Compensated absences represent the estimated liability for employees' paid time off benefits for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund, Water and Wastewater, and Drainage Funds based on the assignment of an employee at termination.

F. Defined Benefit Pension Plan – Texas Municipal Retirement System

Plan Description

The City participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at *www.tmrs.org*.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-finance monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefits in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has approved an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	6%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above

Employees Covered by Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to but not yet receiving benefits	159
Active employees	98
Total	330

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.92% and 4.68% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $349,824, and were larger than the required contributions.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.60% to 11.85% including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35.0%	6.70%
Core fixed income	6.0%	4.70%
Non-core fixed income	20.0%	8.00%
Other public and private markets	12.0%	8.00%
Real estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private equity	10.0%	11.60%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pensions plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Balance at 12/31/22	$10,747,859	$11,183,852	$ (435,993)
Changes for the year:			
Service cost	688,053	-	688,053
Interest	733,988	-	733,988
Difference between expected and actual experience	(534,992)	-	(534,992)
Changes in assumptions	(56,567)	-	(56,567)
Contributions - employer	-	348,630	(348,630)
Contributions - employee	-	368,270	(368,270)
Net investment income	-	1,293,901	(1,293,901)
Benefit payments, including refunds of employee contributions	(435,967)	(435,967)	-
Administrative expense	-	(8,235)	8,235
Other changes	-	(58)	58
Net changes	394,515	1,566,541	(1,172,026)
Balance at 12/31/23	$11,142,374	$12,750,393	$ (1,608,019)

The net pension liability (asset) is generally liquidated by the general, water and wastewater, and drainage funds based on the assignment of an employee at termination.

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	$ (16,487)	$(1,608,019)	$(2,906,718)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at *www.tmrs.com*.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of $31,745. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 331,065
Changes in actuarial assumptions	-	34,556
Difference between projected and actual investment earnings	300,238	-
Contributions subsequent to the measurement date	244,283	-
Total	$ 544,521	$ 365,621

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2025	$ (154,538)
2026	(34,545)
2027	231,498
2028	(107,798)

G. Defined Other Post-Employment Benefit (OPEB) Plan – TMRS Supplemental Death Benefits Fund

Plan Description

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	25
Inactive employees entitled to but not yet receiving benefits	17
Active employees	98
Total	140

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for both 2024 and 2023, of which 0.06%, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2024 and 2023 were $16,948 and $14,215, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City's total OPEB liability of $175,265 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50%
Discount rate	3.77%
Salary increases	3.60% to 11.85% including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 107.5% and female rates multiplied by 107.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 107.5% and female rates multiplied by 107.5% with a 3-year set-forward for both males and females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 3.77% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Total OPEB Liability	$ 213,142	$ 175,265	$ 146,155

OPEB Liabilities, OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEBs

At September 30, 2024, the City reported a liability of $175,265 for its Total OPEB Liability. The total OPEB liability was determined by an actuarial valuation as of December 31, 2023. For the year ended September 30, 2024, the City recognized OPEB expense of $8,883. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2022	$ 155,597
Changes for the year:	
Service cost	12,276
Interest	6,476
Difference between expected and actual experience	(5,704)
Changes of assumptions	10,303
Benefit payments	(3,683)
Net changes	19,668
Balance at 12/31/2023	$ 175,265

At September 30, 2024, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 342	$ 17,840
Changes in actuarial assumptions	30,634	61,419
Contributions subsequent to the measurement date	13,204	-
Total	$ 44,180	$ 79,259

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2025. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2025	$ (8,703)
2026	(10,307)
2027	(15,612)
2028	(14,381)
2029	720

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located within Texas. The City pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and the Property-Liability Fund are considered self-sustaining risk pools that provide coverage for their members for up to $2,000,000 per insured event. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in any of the past three years.

I. Commitments and Contingencies

Water and Sewer Contracts

The City has separate contracts with the City of Dallas Utilities and Services (DUS) and the Trinity River Authority of Texas (TRA) for the purchase of treated water and for the transportation, treatment, and disposal of wastewater. The DUS agreement expires in 2039. The contracts require the City to pay varying amounts based on the costs associated with water purchased and wastewater transported and/or treated and disposed. The costs include the City's proportionate share of TRA's operating and maintenance expenses, related debt service costs, and certain other miscellaneous charges.

Payments during fiscal year 2022 for the purchase of treated water from DUS were $1,862,799 and payments made for the transportation, treatment, and disposal of wastewater by TRA were $844,411. If the City were unable to fulfill its obligations under the contracts, the only liability for future payment would be its proportionate share of debt service requirements. In addition, the City does not retain an ongoing financial interest in TRA and has no representation on the TRA Board of Directors; therefore, the TRA contracts are not considered to be joint venture agreements.

Contingencies

The City is a defendant in several pending lawsuits. City management estimates, based on the advice of legal counsel, that the potential claims against the City, in excess of insurance coverage, would not materially affect the basic financial statements of the City. The City also participates in a number of federal and state grant programs. These programs are subject to compliance audits by the grantors or their representatives. Any liability that may arise as of the result of these audits is not believed to be estimable or probable.

J. Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes and sales tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code.

Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has one category of economic development:

General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property taxes or sales tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2024, the City did not rebate any taxes.

K. Glenn Heights Housing Finance Corporation

The Glenn Heights Housing Finance Corporation (GHHFC) was created in 2016 by state law for the purpose of benefiting and accomplishing public purpose of, and on behalf of, the City by financing the cost of residential ownership and development that will provide decent, safe, and sanitary housing for residents of the City at prices they can afford.

The GHHFC is sole owner of Glenn Heights Housing Development Corporation (GHHDC). The GHHDC owns a 1% stake in an apartment complex in Glenn Heights, named Palladium Glenn Heights. As a minority owner of Palladium Glenn Heights, GHHDC receives distributions on a quarterly basis.

L. Upcoming Accounting Standards

Significant new accounting standards not yet implemented by the City include the following:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

M. Accounting Changes

Change in the financial reporting entity

The Debt Service fund is reported as a nonmajor fund in fiscal year 2024 because its activity and balances fell below the required thresholds. The Parks Development fund is reported as a major fund in fiscal year 2024 because its activity and balances exceeded the required thresholds

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes:				
Property	$ 8,215,757	$ 8,215,757	$ 8,008,373	$ (207,384)
Franchise	596,500	596,500	697,192	100,692
Sales	965,000	965,000	1,274,335	309,335
Licenses and permits	758,650	758,650	673,076	(85,574)
Fines and forfeitures	246,000	246,000	230,763	(15,237)
Charges for service	1,868,975	1,877,000	2,086,359	209,359
Investment earnings	150,000	150,000	488,484	338,484
Miscellaneous	29,025	154,800	128,801	(25,999)
Total revenues	12,829,907	12,963,707	13,587,383	623,676
EXPENDITURES				
Current:				
General government	2,642,491	2,642,491	2,641,812	679
Public safety	5,923,058	5,923,058	5,827,818	95,240
Development services	2,658,640	2,658,640	2,726,877	(68,237)
Parks and recreation	1,061,868	1,223,385	934,883	288,502
Economic development	39,150	36,950	10,867	26,083
Capital outlay	27,300	27,300	80,585	(53,285)
Debt service:				
Principal	69,263	87,178	87,178	-
Interest and other	23,395	5,480	5,480	-
Total expenditures	12,445,165	12,604,482	12,315,500	288,982
Excess (deficiency) of revenues over expenditures	384,742	359,225	1,271,883	912,658
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	19,122	19,122
Sale of capital assets	-	20,000	-	(20,000)
Transfers in	125,775	125,775	1,105,775	980,000
Transfers out	-	-	(154,095)	(154,095)
Total other financing sources (uses)	125,775	145,775	970,802	825,027
Net change in fund balances	510,517	505,000	2,242,685	1,737,685
Fund balances - beginning of year	8,546,915	8,546,915	8,546,915	-
Fund balances - end of year	$ 9,057,432	$ 9,051,915	$ 10,789,600	$ 1,737,685

BUDGETS AND BUDGETARY ACCOUNTING

Annual operating budgets are adopted on a modified accrual (GAAP) basis for the General Fund, 911 Wireless Fund, and Debt Service Fund. The legal level of budgetary control is the fund. All annual appropriations lapse at fiscal year-end. Budgetary appropriations for the City's Capital Projects Funds are adopted on an individual project basis and extend through project completion. The Glenn Heights Housing Finance Corporation Fund, Municipal Court Technology Fund, Municipal Court Security Fund, Police Seizure Fund, Park Development Fund, Street Impact Fee Fund, Veterans Memorial Fund, ARPA Fund, and Grants Fund did not have an operating budget prepared for the current fiscal year.

The City follows these procedures in establishing the annual operating budgets reflected in the financial statements:

1. Prior to August 1, the City Manager prepared a proposed annual operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The annual operating budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year to which it applies, which can be amended by the Council.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. At year-end, encumbrances are canceled or re-appropriated as part of the following year budget.

The Development Services and Capital Outlay functions of the General Fund were over budget by $68,237 and $53,285, respectively. The overage was covered by budget savings in other functions.

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement date December 31,	**2014**	**2015**	**2016**
Total pension liability			
Service Cost	$ 256,970	$ 288,738	$ 336,567
Interest	456,404	493,227	517,152
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(14,257)	(55,716)	(97,859)
Assumption changes	-	100,033	-
Benefit payments, including refunds of employee contributions	(210,935)	(166,992)	(302,573)
Net change in total pension liability	488,182	659,290	453,287
Total pension liability - beginning	6,497,045	6,985,227	7,644,517
Total pension liability - ending (a)	$ 6,985,227	$ 7,644,517	$ 8,097,804
Plan fiduciary net position			
Contributions - employer	$ 96,517	$ 100,120	$ 112,560
Contributions - employee	180,931	185,485	211,914
Net investment income	394,578	10,852	505,424
Benefit payments	(210,935)	(166,992)	(302,573)
Administrative expense	(4,119)	(6,609)	(5,706)
Other	(339)	(328)	(307)
Net change in plan fiduciary net position	456,633	122,528	521,312
Plan fiduciary net position - beginning	6,897,083	7,353,716	7,476,244
Plan fiduciary net position - ending (b)	$ 7,353,716	$ 7,476,244	$ 7,997,556
Net pension liability (asset) - ending (a) - (b)	$ (368,489)	$ 168,273	$ 100,248
Plan fiduciary net position as a percentage of the total pension liability	105.28%	97.80%	98.76%
Covered payroll	$ 3,015,520	$ 3,091,411	$ 3,516,894
Net pension liability (asset) as a percentage of covered payroll	-12.22%	5.44%	2.85%

2017	2018	2019	2020	2021	2022	2023
$ 364,021	$ 444,332	$ 481,770	$ 513,565	$ 530,822	$ 566,730	$ 688,053
544,744	501,823	525,921	554,348	581,835	678,483	733,988
-	(946,622)	-	-	-	962,823	-
(215,283)	(147,753)	(148,894)	(196,474)	(160,409)	(21,550)	(534,992)
-	-	8,911	-	-	-	(56,567)
(419,079)	(426,658)	(493,592)	(431,343)	(514,341)	(488,075)	(435,967)
274,403	(574,878)	374,116	440,096	437,907	1,698,411	394,515
8,097,804	8,372,207	7,797,329	8,171,445	8,611,541	9,049,448	10,747,859
$ 8,372,207	$ 7,797,329	$ 8,171,445	$ 8,611,541	$ 9,049,448	$10,747,859	$11,142,374
$ 134,627	$ 146,613	$ 132,820	$ 139,033	$ 177,273	$ 167,046	$ (435,967)
225,633	245,036	266,662	283,738	298,774	309,971	348,630
1,108,830	(270,920)	1,349,805	757,388	1,397,923	(881,429)	368,271
(419,079)	(426,658)	(493,592)	(431,343)	(514,341)	(488,075)	1,293,901
(5,745)	(5,234)	(7,626)	(4,901)	(6,467)	(7,627)	(8,235)
(291)	(273)	(229)	(192)	45	9,101	(59)
1,043,975	(311,436)	1,247,840	743,723	1,353,207	(891,013)	1,566,541
7,997,556	9,041,531	8,730,095	9,977,935	10,721,658	12,074,865	11,183,852
$ 9,041,531	$ 8,730,095	$ 9,977,935	$10,721,658	$12,074,865	$11,183,852	$12,750,393
$ (669,324)	$ (932,766)	$(1,806,490)	$(2,110,117)	$(3,025,417)	$ (435,993)	$(1,608,019)
107.99%	111.96%	122.11%	124.50%	133.43%	104.06%	114.43%
$ 3,760,543	$ 4,083,937	$ 4,444,371	$ 4,678,965	$ 4,979,572	$ 5,165,869	$ 6,137,852
-17.80%	-22.84%	-40.65%	-45.10%	-60.76%	-8.44%	-26.20%

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Fiscal year ending September 30,	**2015**	**2016**	**2017**
Actuarially determined contribution	$ 99,077	$ 117,195	$ 127,656
Contributions in relation to the actuarially determined contributions	99,077	117,195	133,216
Contribution (excess) deficiency	-	-	(5,560)
Covered payroll	3,075,330	3,487,950	3,799,274
Contributions as a percentage of covered payroll	3.22%	3.36%	3.51%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
Asset valuation method	10 year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other information There were no benefit changes during the year.

2018	2019	2020	2021	2022	2023	2024
$ 147,381	$ 130,212	$ 137,704	$ 172,818	$ 177,273	$ 193,113	$ 349,824
147,381	142,398	137,704	172,818	177,273	302,266	349,824
-	(12,186)	-	-	-	(109,153)	-
3,951,234	4,227,673	4,444,371	5,077,651	5,004,530	5,923,068	7,061,618
3.73%	3.37%	3.10%	3.40%	3.54%	5.10%	4.95%

CITY OF GLENN HEIGHTS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Measurement date December 31,	**2017**	**2018**	**2019**
A. Total OPEB liability			
Service Cost	$ 7,897	$ 9,393	$ 8,889
Interest (on the Total OPEB Liability)	4,662	4,893	5,445
Differences between expected and actual experience	-	(2,569)	(11,018)
Changes of assumptions	12,350	(11,253)	31,386
Benefit payments, including refunds of employee contributio	(1,128)	(1,225)	(1,333)
Net change in Total OPEB liability	23,781	(761)	33,369
Total OPEB liability - beginning	119,957	143,738	142,977
Total OPEB liability - ending	143,738	142,977	176,346
B. Covered-employee payroll	$ 3,760,543	$ 4,083,937	$ 4,444,371
C. Total OPEB liability as a percentage of covered-employee payroll	3.82%	3.50%	3.97%

Notes to Schedule:

- No assets are accumulated in a trust for the SDB plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

- Included in the changes of assumptions was an increase to the discount rate from 1.84% to 4.05%.

- Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc.).

- Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

2020	2021	2022	2023
$ 12,768	$ 14,441	$ 17,565	$ 12,276
5,006	4,536	4,319	6,476
(6,485)	(17,800)	514	(5,704)
34,834	7,996	(91,453)	10,303
(1,419)	(2,988)	(2,583)	(3,683)
44,704	6,185	(71,638)	19,668
176,346	221,050	227,235	155,597
221,050	227,235	155,597	175,265
$ 4,728,963	$ 4,979,572	$ 5,165,869	$ 6,137,852
4.67%	4.56%	3.01%	2.86%

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR FUND DESCRIPTIONS

MUNICIPAL COURT TECHNOLOGY FUND – To account for municipal court fees collected through the court to enhance existing operations through technology.

MUNICIPAL COURT SECURITY FUND – To account for municipal court fees collected through the court to provide for various municipal court security features.

911 WIRELESS FUND – To account for 911 wireless revenue collected to enhance the 911 network within the City.

POLICE SEIZURE FUND – To account for the revenue and expenditures related to the award of monies or property by the courts or federal government to the police department. The funds are expended for specified department purposes.

STREET IMPACT FEE FUND – To account for the acquisition of capital assets or construction of major capital projects being financed by street impact fees.

VETERANS MEMORIAL FUND – To account for the revenue and expenditures related to Veterans Memorial City Events.

DISASTER RECOVERY FUND – To account for the revenue and expenditures related to disaster recovery.

VEHICLE REPLACEMENT FUND – To accumulate resources for the acquisition of vehicles funded by the general fund.

GRANTS FUND – To account for the revenue and expenditures related to various state and federal grants.

GLENN HEIGHTS HOUSING FINANCE CORPORATION FUND – To account for revenue collected from the residential ownership and development that will provide affordable, decent, safe, and sanitary housing for residents of the City.

DEBT SERVICE – Accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF GLENN HEIGHTS, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2024

		Special Revenue			
	Debt Service	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure
ASSETS					
Cash and cash equivalents	$ 42,249	$ 19,328	$ 48,751	$ 164,892	$ 12,193
Taxes receivable	29,596	-	-	-	-
Total assets	71,845	19,328	48,751	164,892	12,193
LIABILITIES					
Accounts payable	500	-	-	7,537	-
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	500	-	-	7,537	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	17,381	-	-	-	-
Total deferred inflows of resources	17,381	-	-	-	-
FUND BALANCES					
Restricted for:					
Public safety	-	-	48,751	157,355	12,193
Debt service	53,964	-	-	-	-
Municipal court	-	19,328	-	-	-
Street improvements	-	-	-	-	-
Park improvements	-	-	-	-	-
Housing	-	-	-	-	-
Assigned for:					
Vehicle replacement	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	53,964	19,328	48,751	157,355	12,193
Total liabilities and fund balances	$ 71,845	$ 19,328	$ 48,751	$ 164,892	$ 12,193

Special Revenue				Capital Projects		
Street Impact Fee	Grants	Veterans Memorial	Glenn Heights Housing Finance Corporation	Disaster Recovery Fund	Vehicle Replacement	Total Nonmajor Governmental Funds
$ 1,731,102	$ -	$ -	$ 842,999	$ -	$ 172,206	$ 3,033,720
-	-	-	-	-	-	29,596
1,731,102	-	-	842,999	-	172,206	3,063,316
-	-	-	-	-	-	8,037
-	-	-	-	-	-	-
-	24,694	117	-	-	-	24,811
-	24,694	117	-	-	-	32,848
-	-	-	-	-	-	17,381
-	-	-	-	-	-	17,381
-	-	-	-	-	-	218,299
-	-	-	-	-	-	53,964
-	-	-	-	-	-	19,328
1,731,102	-	-	-	-	-	1,731,102
-	-	-	-	-	-	-
-	-	-	842,999	-	-	842,999
-	-	-	-	-	172,206	172,206
-	(24,694)	(117)	-	-	-	(24,811)
1,731,102	(24,694)	(117)	842,999	-	172,206	3,013,087
$ 1,731,102	$ -	$ -	$ 842,999	$ -	$ 172,206	$ 3,063,316

CITY OF GLENN HEIGHTS, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Special Revenue				
	Debt Service*	Municipal Court Technology	Municipal Court Security	911 Wireless	Police Seizure	Park Development^
REVENUES						
Property taxes	$ 1,382,835	$ -	$ -	$ -	$ -	
Fines and forfeitures	-	4,433	5,335	-	-	
Charges for services	-	-	-	106,274	-	
Intergovernmental	-	-	-	-	-	
Investment earnings	11,175	331	2,034	5,653	661	
Total revenues	1,394,010	4,764	7,369	111,927	661	
EXPENDITURES						
Current:						
Public Safety	-	-	-	49,795	-	
Economic development	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt service:						
Principal	996,597	-	-	-	-	
Interest and other	412,190	-	-	-	-	
Total expenditures	1,408,787	-	-	49,795	-	
Excess (deficiency) of revenue over expenditures	(14,777)	4,764	7,369	62,132	661	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	
Transfers out	-	-	-	(69,000)	-	
Total other financing sources (uses)	-	-	-	(69,000)	-	
Net change in fund balances	(14,777)	4,764	7,369	(6,868)	661	
Fund balance - beginning of year	-	14,564	41,382	164,223	11,532	1,482,206
ACCOUNTING CHANGES						
Change within the financial reporting entity	68,741	-	-	-	-	(1,482,206)
Fund balance as restated - beginning of year	68,741	-	-	-	-	-
Fund balance - end of year	$ 53,964	$ 19,328	$ 48,751	$ 157,355	$ 12,193	$ -

*Formerly a major fund
^Formerly a nonmajor fund

Special Revenue				Capital Projects		
Street Impact Fee	Grants	Veterans Memorial	Glenn Heights Housing Finance Corporation	Disaster Recovery Fund	Vehicle Replacement	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 1,382,835
-	-	-	-	-	-	9,768
-	-	-	-	-	-	106,274
-	699,814	-	-	-	-	699,814
30,746	-	72	4,521	-	6,509	61,702
30,746	699,814	72	4,521	-	6,509	2,260,393
-	19,234	-	-	-	-	69,029
23,359	-	-	-	-	-	23,359
28,350	-	-	-	-	364,710	393,060
-	-	-	-	-	-	996,597
-	-	-	-	-	-	412,190
51,709	19,234	-	-	-	364,710	1,894,235
(20,963)	680,580	72	4,521	-	(358,201)	366,158
-	23,911	-	-	130,184	-	154,095
-	(695,039)	-	(1,000,000)	-	-	(1,764,039)
-	(671,128)	-	(1,000,000)	130,184	-	(1,609,944)
(20,963)	9,452	72	(995,479)	130,184	(358,201)	(1,243,786)
1,752,065	(34,146)	(189)	1,838,478	(130,184)	530,407	5,670,338
-	-	-	-	-	-	(1,413,465)
-	-	-	-	-	-	68,741
$ 1,731,102	$ (24,694)	$ (117)	$ 842,999	$ -	$ 172,206	$ 3,013,087

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 1,416,600	$ 1,416,600	$ 1,382,835	$ (33,765)
Investment earnings	1,500	1,500	11,175	9,675
Total revenues	1,418,100	1,418,100	1,394,010	(24,090)
EXPENDITURES				
Debt service:				
Principal	996,600	996,600	996,597	3
Interest and other charges	416,080	416,080	412,190	3,890
Total expenditures	1,412,680	1,412,680	1,408,787	3,893
Net change in fund balances	5,420	5,420	(14,777)	(20,197)
Fund balances - beginning of year	68,741	68,741	68,741	-
Fund balances - end of year	$ 74,161	$ 74,161	$ 53,964	$ (20,197)

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
911 WIRELESS FUND - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charges for services	$ 80,000	$ 80,000	$ 106,274	$ 26,274
Investment earnings	500	500	5,653	5,153
Total revenues	80,500	80,500	111,927	31,427
EXPENDITURES				
Current:				
Public safety	-	10,000	49,795	(39,795)
Total expenditures	-	10,000	49,795	(39,795)
Excess (deficiency) of revenues over expenditures	80,500	70,500	62,132	(8,368)
OTHER FINANCING SOURCES (USES)				
Transfers out	(69,000)	(69,000)	(69,000)	-
Total other financing sources (uses)	(69,000)	(69,000)	(69,000)	-
Net change in fund balances	11,500	1,500	(6,868)	(8,368)
Fund balances - beginning of year	164,223	164,223	164,223	-
Fund balances - end of year	$ 175,723	$ 165,723	$ 157,355	$ (8,368)

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STATISTICAL SECTION

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STATISTICAL SECTION

The City of Glenn Heights' statistical section presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information, which details the City's overall financial health and well-being.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changes over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its electric utility, sales tax, and property tax revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules contain economic and demographic information to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF GLENN HEIGHTS, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Governmental Activities				
Net investment in capital assets	$ 3,420,929	$ 4,562,272	$ 5,204,571	$ 5,936,599
Restricted	1,044,381	1,425,617	1,342,294	2,239,846
Unrestricted	3,142,610	3,718,269	7,469,021	8,650,641
Total governmental activities net position	$ 7,607,920	$ 9,706,158	$ 14,015,886	$ 16,827,086
Business-type Activities				
Net investment in capital assets	$ 7,964,475	$ 7,968,336	$ 7,855,594	$ 7,921,771
Restricted	455,065	1,029,083	935,872	935,873
Unrestricted	4,330,408	3,377,936	5,240	1,556,532
Total business-type activities net position	$ 12,749,948	$ 12,375,355	$ 8,796,706	$ 10,414,176
Primary Government				
Net investment in capital assets	$ 11,385,404	$ 12,530,608	$ 13,060,165	$ 13,858,370
Restricted	1,499,446	2,454,700	2,278,166	3,175,719
Unrestricted	7,473,018	7,096,205	7,474,261	10,207,173
Total primary government net position	$ 20,357,868	$ 22,081,513	$ 22,812,592	$ 27,241,262

TABLE 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 6,702,547	$ 5,308,855	$ 9,048,730	$ 19,142,755	$ 15,026,282	$ 21,736,218
2,877,878	10,879,796	10,366,965	7,086,622	5,406,624	3,822,768
10,589,739	9,143,364	11,177,741	9,327,223	19,004,390	18,599,566
$ 20,170,164	$ 25,332,015	$ 30,593,436	$ 35,556,600	$ 39,437,296	$ 44,158,552
$ 8,016,832	$ 9,235,450	$ 9,328,791	$ 10,387,688	$ 10,100,996	$ 11,238,402
1,493,141	3,114,284	3,554,912	3,057,948	3,314,121	5,078,848
2,200,129	1,461,751	2,512,867	3,090,331	2,967,321	3,614,546
$ 11,710,102	$ 13,811,485	$ 15,396,570	$ 16,535,967	$ 16,382,438	$ 19,931,796
$ 14,719,379	$ 14,544,305	$ 18,377,521	$ 29,530,443	$ 25,127,278	$ 32,974,620
4,371,019	13,994,080	13,921,877	10,144,570	8,720,745	8,901,616
12,789,868	10,605,115	13,690,608	12,417,554	21,971,711	22,214,112
$ 31,880,266	$ 39,143,500	$ 45,990,006	$ 52,092,567	$ 55,819,734	$ 64,090,348

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	$ 1,074,430	$ 1,423,332	$ 1,797,957	$ 1,693,295
Public safety	3,075,807	3,433,775	3,507,497	3,906,025
Development services	718,798	1,242,726	1,828,117	1,869,192
Parks and recreation	295,728	229,493	289,891	275,791
Economic development	225	-	98,608	10,969
Interest and fiscal charges	150,994	435,848	483,925	527,847
Total governmental activities expenses	5,315,982	6,765,174	8,005,995	8,283,119
Business-type activities:				
Water and sewer	4,366,961	5,405,054	4,837,014	5,175,140
Drainage	107,722	96,708	182,223	221,728
Total business-type activities expenses	4,474,683	5,501,762	5,019,237	5,396,868
Total primary government expenses	$ 9,790,665	$12,266,936	$13,025,232	$13,679,987
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 128,996	$ 268,221	$ 874,769	$ 921,172
Public safety	510,150	667,125	391,651	337,143
Development services	566,052	1,622,519	793,617	1,756,642
Parks and recreation	73,559	178,490	30,762	319,183
Economic development	-	-	-	-
Operating grants and contributions	105,567	133,417	53,915	35,827
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	$ 1,384,324	$ 2,869,772	$ 2,144,714	$ 3,369,967
Business-type activities:				
Charges for services:				
Water and sewer	4,868,772	5,366,787	5,292,082	6,064,621
Drainage	264,976	279,460	394,761	297,778
Capital grants and contributions	278,367	730,490	120,440	726,793
Total business-type activities program revenues	5,412,115	6,376,737	5,807,283	7,089,192
Total primary government program revenues	$ 6,796,439	$ 9,246,509	$ 7,951,997	$10,459,159
Net (expense) revenue				
Governmental activities	$(3,931,658)	$(3,895,402)	$(3,895,402)	$(4,913,152)
Business-type activities	937,432	874,975	874,975	1,692,324
Total primary government net expense	$(2,994,226)	$(3,020,427)	$(3,020,427)	$(3,220,828)

TABLE 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 1,661,645	$ 1,778,859	$ 1,906,746	$ 2,131,380	$ 2,820,998	$ 2,426,006
3,688,352	4,293,107	4,157,166	4,220,503	5,715,827	6,219,761
1,816,232	1,775,135	2,053,633	2,128,107	2,229,395	3,294,106
308,197	410,719	270,365	360,504	885,500	954,467
94,631	86,272	5,828	7,907	67,717	34,226
670,841	560,455	463,362	581,840	324,366	311,363
8,239,898	8,904,547	8,857,100	9,430,241	12,043,803	13,239,929
5,633,428	6,499,183	6,865,571	7,876,884	9,445,109	9,063,526
292,821	310,566	277,613	186,512	232,361	585,883
5,926,249	6,809,749	7,143,184	8,063,396	9,677,470	9,649,409
$ 14,166,147	$ 15,714,296	$ 16,000,284	$ 17,493,637	$ 21,721,273	$ 22,889,338
$ 980,597	$ 1,368,040	$ 1,054,985	$ 1,171,626	$ 418,702	$ 583,541
292,725	719,312	432,954	555,380	511,438	556,901
1,744,458	2,994,658	2,360,606	1,746,815	2,711,400	1,932,415
278,743	195,000	230,020	157,323	266,995	196,444
-	-	-	-	-	-
156,819	222,074	188,967	240,508	176,352	4,775
-	751,017	-	-	12,293	3,654,639
$ 3,453,342	$ 6,250,101	$ 4,267,532	$ 3,871,652	$ 4,097,180	$ 6,928,715
5,906,579	6,447,182	6,697,235	8,358,346	8,590,130	10,931,748
316,459	394,310	353,201	396,917	424,186	400,085
1,279,576	808,383	1,710,410	774,433	476,818	33,979
7,502,614	7,649,875	8,760,846	9,529,696	9,491,134	11,365,812
$ 10,955,956	$ 13,899,976	$ 13,028,378	$ 13,401,348	$ 13,588,314	$ 18,294,527
$ (4,786,556)	$ (2,654,446)	$ (4,589,568)	$ (5,558,589)	$ (7,946,623)	$ (6,311,214)
1,576,365	840,126	1,617,662	1,466,300	(186,336)	1,716,403
$ (3,210,191)	$ (1,814,320)	$ (2,971,906)	$ (4,092,289)	$ (8,132,959)	$ (4,594,811)

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	$ 3,237,608	$ 3,544,884	$ 4,582,246	$ 5,358,784
Franchise	678,807	521,335	533,253	597,722
Sales and use	515,847	597,531	635,443	658,609
Interest	21,763	30,614	145,931	283,646
Miscellaneous	21,239	43,393	2,579	218,228
Gain on sale	-	-	-	504,920
Transfers	162,079	1,255,883	4,271,557	102,443
Total governmental activities	$ 4,637,343	$ 5,993,640	$10,171,009	$ 7,724,352
Business-type activities:				
Interest	$ 2,194	$ 2,390	$ 2,991	$ 27,589
Miscellaneous	567	3,925	1,871	-
Transfers	(162,079)	(1,255,883)	(4,271,557)	(102,443)
Total business-type activities	(159,318)	(1,249,568)	(4,266,695)	(74,854)
Total primary government	$ 4,478,025	$ 4,744,072	$ 5,904,314	$ 7,649,498
Change in Net Position				
Governmental activities	$ 705,685	$ 2,098,238	$ 2,098,238	$ 2,811,200
Business-type activities	778,114	374,593	(374,593)	1,617,470
Total primary government	$ 1,483,799	$ 2,472,831	$ 1,723,645	$ 4,428,670

TABLE 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 5,827,813	$ 6,267,189	$ 7,315,655	$ 8,319,739	$ 8,934,919	$ 9,363,297
650,581	581,890	484,368	622,997	731,228	697,192
641,454	827,365	944,926	1,015,376	1,131,746	1,274,335
435,332	1,063,512	863,722	146,652	848,061	1,207,987
9,566	113,986	205,542	86,986	41,227	147,923
-	-	-	-	103,363	-
308,123	(1,254,287)	36,776	330,003	36,775	(1,658,264)
$ 7,872,869	$ 7,599,655	$ 9,850,989	$ 10,521,753	$ 11,827,319	$ 11,032,470
$ 27,684	$ 6,970	$ 4,199	$ 3,100	$ 69,582	$ 174,691
-	-	-	-	-	-
(308,123)	1,254,287	(36,776)	(330,003)	(36,775)	1,658,264
(280,439)	1,261,257	(32,577)	(326,903)	32,807	1,832,955
$ 7,592,430	$ 8,860,912	$ 9,818,412	$ 10,194,850	$ 11,860,126	$ 12,865,425
$ 3,086,313	$ 4,945,209	$ 5,261,421	$ 4,963,164	$ 3,880,696	$ 4,721,256
1,295,926	2,101,383	1,585,085	1,139,397	(153,529)	3,549,358
$ 4,382,239	$ 7,046,592	$ 6,846,506	$ 6,102,561	$ 3,727,167	$ 8,270,614

CITY OF GLENN HEIGHTS, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
General fund				
Nonspendable	$ 66,974	$ 49,735	$ 10,984	$ 10,152
Restricted	-	235	235	235
Assigned	187,501	-	-	-
Unassigned	1,987,611	2,321,019	1,496,001	1,847,212
Total general fund	$ 2,242,086	$ 2,370,989	$ 1,507,220	$ 1,857,599
All other governmental funds				
Nonspendable	$ 1,508	$ -	$ -	$ -
Assigned	264,929	615,072	454,331	156,532
Restricted	2,376,278	18,635,138	23,017,333	24,300,647
Committed	-	-	-	-
Unassigned	(2,012)	(2,692)	(3,824)	(3,604)
Total all other governmental funds	$ 2,640,703	$19,247,518	$23,467,840	$ 24,453,575

TABLE 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 155,249	$ 3,789	$ 13,812	$ 219,809	$ 5,154	$ 10,000
235	-	-	-	-	-
-	-	-	-	-	-
3,598,848	6,698,384	9,518,530	6,785,669	8,541,761	10,779,600
$ 3,754,332	$ 6,702,173	$ 9,532,342	$ 7,005,478	$ 8,546,915	$ 10,789,600
$ -	$ -	$ -	$ -	$ -	$ -
155,210	476,571	561,714	498,312	530,407	172,206
24,041,328	24,911,131	20,183,052	8,184,262	7,802,158	6,435,611
-	-	-	8,105,911	8,656,972	5,832,199
(2,580)	(246)	(172,320)	(157,596)	(164,519)	(24,811)
$ 24,193,958	$ 25,387,456	$ 20,572,446	$ 16,630,889	$ 16,825,018	$ 12,415,205

CITY OF GLENN HEIGHTS, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2015	2016	2017	2018
Revenues				
Taxes				
Property	$ 3,249,251	$ 3,555,770	$ 4,651,017	$ 5,368,045
Franchise	678,807	597,531	635,443	658,609
Sales and use	515,847	521,335	533,253	597,722
Licenses and permits	428,824	1,260,105	737,187	1,244,519
Fines and forfeitures	233,543	234,595	187,737	99,725
Charges for services	470,664	637,856	1,121,789	1,442,344
Intergovernmental	98,011	32,613	50,361	33,723
Impact fees	137,228	362,414	56,430	512,123
Interest	21,763	30,614	145,931	283,646
Contributions	-	101,655	3,854	2,604
Other	15,824	43,005	2,954	218,090
Total revenues	5,849,762	7,377,493	8,125,956	10,461,150
Expenditures				
Current:				
General government	1,069,237	1,400,013	1,758,337	1,600,115
Public safety	3,015,649	3,252,763	3,231,304	3,643,067
Development services	540,501	1,048,121	1,631,342	1,680,147
Parks and recreation	213,359	146,799	207,139	201,094
Economic development	225	-	96,641	10,205
Capital outlay	369,066	563,515	904,059	851,927
Debt service				
Principal retirement	359,649	355,000	645,000	640,000
Interest and service charges	152,535	368,553	567,138	600,924
Total Expenditures	5,720,221	7,134,764	9,040,960	9,227,479
Excess of revenues over (under) expenditures	129,541	242,729	(915,004)	1,233,671
Other Financing Sources (Uses)				
Insurance proceeds	9,135	13,118	-	-
Sale of capital assets	-	-	-	-
Issuance of long-term debt	-	-	13,820,000	-
Bond premium	-	-	1,417,106	-
Issuance of lease	-	725,000	-	-
Transfer in	430,073	2,124,087	5,876,493	988,843
Transfer out	(267,994)	(868,204)	(1,604,936)	(886,400)
Total other financing sources (uses)	171,214	1,994,001	19,508,663	102,443
Net change in fund balances	$ 300,755	$ 2,236,730	$18,593,659	$ 1,336,114

TABLE 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 5,826,989	$ 6,558,611	$ 7,327,760	$ 8,291,257	$ 8,923,656	$ 9,391,208
641,454	581,890	484,368	622,997	731,228	697,192
650,581	827,365	944,926	1,015,376	1,131,749	1,274,335
1,169,898	2,601,813	1,922,255	1,446,215	1,233,235	673,076
138,101	190,125	226,005	199,113	243,763	240,531
1,538,982	1,511,202	1,626,393	1,735,581	2,043,715	2,248,871
151,476	947,201	120,880	41,109	135,832	3,659,414
574,560	402,705	475,807	323,190	193,170	-
435,332	1,063,512	863,722	146,652	848,061	1,207,987
5,343	3,550	450	129,507	52,813	-
266,381	127,972	134,183	8,023	8,700	128,801
11,399,097	14,815,946	14,126,749	13,959,020	15,545,922	19,521,415
1,753,038	1,741,486	1,921,792	2,155,171	2,683,946	2,641,812
3,872,333	4,130,098	4,120,928	4,274,179	4,888,220	5,908,352
1,637,025	1,503,544	1,802,743	1,839,643	2,101,403	2,726,877
273,368	376,155	235,961	340,614	814,888	934,883
91,317	86,716	5,501	5,082	66,061	34,226
1,661,107	2,155,488	6,566,667	10,254,602	1,907,226	6,301,806
690,000	938,219	1,004,929	1,444,563	1,039,140	1,083,775
745,316	608,112	568,818	522,538	482,134	417,670
10,723,504	11,539,818	16,227,339	20,836,392	13,983,018	20,049,401
675,593	3,276,128	(2,100,590)	(6,877,372)	1,562,904	(527,986)
-	-	-	-	-	-
-	-	-	-	103,363	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	79,073	78,948	32,527	19,122
721,979	-	319,776	5,944,934	1,107,955	1,259,870
(413,856)	-	(283,000)	(5,614,931)	(1,071,180)	(2,918,134)
308,123	-	115,849	408,951	172,665	(1,639,142)
$ 983,716	$ 3,276,128	$ (1,984,741)	$ (6,468,421)	$ 1,735,569	$ (2,167,128)

CITY OF GLENN HEIGHTS, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Tax Year	Fiscal Year End	Real Property Residential	Real Property Commercial	Real and Tangible Personal Utilities	Tangible Personal Property
2014	2015	$ 386,358,856	$ 41,024,850	$ 13,061,980	$ 4,480,220
2015	2016	417,562,366	43,292,680	13,624,820	4,632,438
2016	2017	462,526,664	49,856,550	14,025,820	5,178,510
2017	2018	544,884,075	62,342,513	13,581,900	8,458,221
2018	2019	599,588,793	44,905,699	15,977,600	11,381,636
2019	2020	684,463,749	46,379,435	17,480,545	12,159,492
2020	2021	787,452,861	21,399,445	18,773,900	14,430,831
2021	2022	1,123,335,603	59,682,720	21,254,510	14,653,491
2022	2023	1,489,927,548	76,798,404	22,381,960	13,588,135
2023	2024	1,807,160,361	80,933,321	24,070,109	17,695,054

Inventory	Less: Exempt Property	Total	Total Direct Tax Rate
$ 2,584,020	$ (39,463,493)	$ 408,046,433	79.50%
2,122,890	(35,690,224)	445,544,970	79.50%
2,589,660	(41,678,520)	492,498,684	93.55%
6,338,260	(56,821,738)	578,783,231	88.54%
2,719,930	(49,559,731)	625,013,927	87.92%
15,770,287	(66,312,289)	709,941,219	83.35%
26,085,618	(100,291,987)	767,850,668	80.44%
26,114,590	(176,034,906)	1,069,006,008	76.91%
19,710,045	(261,311,871)	1,361,094,221	63.22%
91,770,069	(377,285,664)	1,644,394,310	56.47%

CITY OF GLENN HEIGHTS, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

		City Direct Rates			Overlapping Rates		
Tax Year	**Fiscal Year**	**General**	**Debt Service**	**Total Direct**	**DeSoto ISD**	**Red Oak ISD**	**Ellis County**
2014	2015	0.683390	0.111610	0.795000	1.470000	1.540000	0.380091
2015	2016	0.682474	0.110926	0.793400	1.460000	1.540000	0.380091
2016	2017	0.682468	0.253062	0.935530	1.490000	1.540000	0.380091
2017	2018	0.670822	0.214612	0.885434	1.490000	1.540000	0.359713
2018	2019	0.663441	0.215740	0.879181	1.490000	1.540000	0.338984
2019	2020	0.649394	0.184129	0.833523	1.528350	1.438350	0.329557
2020	2021	0.641088	0.163342	0.804430	1.529090	1.359200	0.320194
2021	2022	0.636542	0.132604	0.769146	1.388600	1.325600	0.310708
2022	2023	0.532646	0.099565	0.632211	1.258200	1.291000	0.273001
2023	2024	0.481680	0.083049	0.564729	1.072800	1.105600	0.252862

Source: Dallas County and Ellis County Appraisal Districts

Overlapping Rates				
Ellis County Lateral Road	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas County School Equalization Fund
0.033508	0.243100	0.286000	0.124775	0.010000
0.033508	0.243100	0.286000	0.123650	0.010000
0.033508	0.226000	0.261400	0.104000	0.010000
0.033508	0.243100	0.279400	0.124238	0.010000
0.031549	0.243100	0.279400	0.124000	0.010000
0.030976	0.243100	0.269500	0.124000	0.010000
0.030082	0.239740	0.266100	0.124000	0.010000
0.028630	0.227946	0.255000	0.123510	0.010000
0.022866	0.217946	0.235800	0.115899	0.010000
0.196700	0.215718	0.219500	0.110028	-

TABLE 7

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

	2024			2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Glenn Heights Community LLC	$ 30,440,150	1	1.71%			
Oncor Electric Delivery Co	17,603,700	2	0.99%	$ 9,725,020	1	2.18%
Bloomfield Homes, LP	13,620,650	3	0.76%			
Progress Residential	11,986,069	4	0.67%			
MPSP TC GH MHC, LLC	10,819,470	5	0.61%	1,343,790	10	0.30%
Hi Ho RV Park, LP	5,685,520	6	0.32%			
Bear Creek Investments, LLC	5,087,330	7	0.29%			
YAMASA Co. LTD	4,890,454	8	0.27%			
TGA SC Glenn Heights, LP	4,642,740	9	0.26%			
Hilco Electric Cooperative Inc	3,665,020	10	0.21%			
Delaware Glenn Heights, LLC.				2,850,000	2	0.64%
Margaux Bear Creek				2,046,870	3	0.46%
Anew Properties				1,799,280	4	0.40%
MAHS Inc				1,638,820	5	0.37%
Glenn Heights Bargain Storage				1,496,050	6	0.34%
Sullivan Builders				1,474,270	7	0.33%
EBLA Investment, LP				1,424,350	8	0.32%
Oso Homes, LLC.				1,354,380	9	0.30%
Totals	$ 108,441,103		6.08%	$ 25,152,830		5.63%

Source: Dallas County Tax Assessor/ Collector

TABLE 8

CITY OF GLENN HEIGHTS, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

		Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended	**Total Tax Levy**	**Amount**	**Percentage of Levy**	**Collections in Subsequent Years[1]**	**Amount**	**Percentage of Levy[1]**
2015	$ 3,245,256	$ 3,195,631	98.47%	$ 65,862	$ 3,261,493	100.50%
2016	3,543,566	3,538,756	99.86%	62,254	3,601,010	101.62%
2017	4,614,413	4,566,499	98.96%	53,289	4,619,788	100.12%
2018	5,204,909	5,225,672	100.40%	33,744	5,259,416	101.05%
2019	5,803,680	5,751,810	99.11%	43,082	5,794,892	99.85%
2020	6,473,625	6,454,090	99.70%	55,334	6,509,424	100.55%
2021	6,987,139	7,236,531	103.57%	22,253	7,258,784	103.89%
2022	8,223,364	8,210,651	99.85%	12,456	8,223,107	100.00%
2023	8,728,834	8,835,209	101.22%	(24,475)	8,810,734	100.94%
2024	9,287,131	9,291,857	100.05%	-	9,291,857	100.05%

Source: Dallas County Tax Assessor/Collector

[1] Collections in subsequent years include refunds.

CITY OF GLENN HEIGHTS, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS[1]

	Governmental Activities				Business Type Activities		
Fiscal Year	General Obligation Bonds[2]	Certificates of Obligation	Notes Payable	Leases	General Obligation Refunding Bonds	Notes Payable	Leases
2015	$ -	$ 3,670,000	$ -	$ -	$ 1,005,000	$ -	$ 67,735
2016	12,402,894	3,315,000	-	-	755,000	-	-
2017	12,203,750	2,940,000	-	-	500,000	-	-
2018	12,029,605	2,545,000	-	-	235,000	1,500,000	-
2019	14,234,540	2,130,000	-	-	120,000	1,366,112	-
2020	13,863,685	1,695,000	1,228,877	470,760	-	-	-
2021	13,332,830	1,360,000	1,088,204	401,504	-	2,800,000	-
2022	11,635,000	1,140,000	571,346	328,799	-	2,642,023	-
2023	10,320,000	910,000	481,464	262,898	-	2,481,513	-
2024	9,630,000	670,000	389,867	172,363	-	2,317,075	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Demographic and Economic Statistics for personal income and population data.

[2] The General Obligation Bonds are net of applicable premiums & discounts.

N/A: Data not available at the time of this publication

Total Primary Government	Percentage of Personal Income	Per Capita[1]
$ 4,742,735	N/A	406
16,472,894	N/A	1,410
15,643,750	N/A	1,268
16,309,605	N/A	1,322
17,850,652	N/A	1,347
17,258,322	N/A	1,194
18,982,538	N/A	1,108
16,317,168	N/A	902
14,455,875	N/A	769
13,179,305	N/A	675

TABLE 10

CITY OF GLENN HEIGHTS, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Less: Amount Available for Debt Service[3]	Net General Bonded Debt	Percentage of Estimated Actual Taxable Value of Property[1]	Per Capita[2]
	General Obligation Bonds[4]	Certificates of Obligation	Total				
2015	$ 1,005,000	$ 3,670,000	$ 4,675,000	$ 23,390	$ 4,651,610	1.15%	400
2016	13,157,894	3,315,000	16,472,894	34,378	16,438,516	3.70%	1,410
2017	12,703,750	2,940,000	15,643,750	110,852	15,532,898	3.18%	1,268
2018	12,264,605	2,545,000	14,809,605	9,902	14,799,703	2.56%	1,201
2019	14,354,540	2,130,000	16,484,540	129,940	16,354,600	2.64%	1,244
2020	13,863,685	1,695,000	15,558,685	76,032	15,482,653	2.19%	1,076
2021	13,332,830	1,360,000	14,692,830	115,038	14,577,792	1.91%	858
2022	11,635,000	1,140,000	12,775,000	84,811	12,690,189	1.20%	706
2023	10,320,000	910,000	11,230,000	70,862	11,159,138	0.82%	594
2024	9,630,000	670,000	10,300,000	9,902	10,290,098	0.63%	527

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

[2] See the Schedule of Demographic and Economic Statistics for personal income and population data.

[3] This is the amount restricted for debt service principal payments.

[4] This amount is net of applicable premium.

TABLE 11

CITY OF GLENN HEIGHTS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

SEPTEMBER 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Dallas Co	$ 198,645,000	15.06%	$ 29,915,937
Dallas Co CCD	318,675,000	24.15%	76,960,013
Dallas Co Hosp Dist	527,660,000	39.99%	211,011,234
DeSoto ISD	95,527,238	7.20%	6,877,961
Ellis Co	23,885,000	1.81%	432,319
Red Oak ISD	154,985,000	11.75%	18,210,738
Subtotal - overlapping debt	$ 1,319,377,238		$ 343,408,202
City of Glenn Height's direct debt	$ 10,300,000	100%	$ 10,300,000
Total direct and overlapping debt			$ 353,708,202
Total direct and overlapping debt as % of Assessed Value			21.51%
Total direct and overlapping debt per Capita			$ 18,109

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Glenn Heights. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Texas Bond Review Board Data Center

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the government's boundaries and dividing it by the governmental unit's total taxable assessed value.

CITY OF GLENN HEIGHTS, TEXAS

TAX RATE INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year				
	2015	**2016**	**2017**	**2018**	**2019**
Tax Rate Limit	$ 1.5000	$ 1.5000	$ 1.5000	$ 1.5000	$ 1.5000
Debt Service Rate	0.112	0.250	0.253	0.215	0.216
Available Tax Rate	$ 1.3880	$ 1.2500	$ 1.2469	$ 1.2854	$ 1.2843
Percentage of allowable levy used	7.74%	7.44%	16.87%	14.31%	14.38%

Economic Debt Margin Calculation for Fiscal Year 2024

Assessed Value

Economic debt limit indicator (5% of assessed value)

Annual debt requirement applicable to limit:

General obligation refunding bonds
Certificates of obligation
Less amounts restricted for debt service

Economic debt margin

All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal and interest on all ad valorem tax within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance.

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
$ 1.5000	$ 1.5000	$ 2.5000	$ 2.5000	$ 2.5000
0.184	0.163	0.133	0.099	0.083
$ 1.3159	$ 1.3370	$ 2.3670	$ 2.4010	$ 2.4170
12.28%	10.87%	5.30%	3.90%	3.30%

	$ 1,600,323,580
	80,016,179
9,630,000	
670,000	
9,902	10,309,902
	$ 69,706,277

TABLE 13

CITY OF GLENN HEIGHTS, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Calendar Year	Estimated Population[1]	Total Income (Amounts Expressed in Thousands)	Per Capita Personal Income[2]	Median Age[3]	School Enrollment[4]		Unemployment Rate[2]
					DeSoto ISD	Red Oak ISD	
2015	11,680	$ 723,961	$ 61,983	31.90	9,600	5,800	3.9%
2016	11,680	N/A	N/A	31.90	9,296	5,600	3.7%
2017	12,336	N/A	24,346	32.80	9,872	5,800	4.1%
2018	12,336	N/A	23,346	33.70	10,152	5,985	4.3%
2019	13,250	N/A	24,274	31.00	8,628	6,054	3.5%
2020	14,460	N/A	24,274	31.90	8,700	6,000	7.2%
2021	17,127	N/A	26,543	32.50	7,926	5,987	4.4%
2022	18,090	N/A	28,366	32.50	7,339	6,287	3.3%
2023	18,793	N/A	31,763	33.60	7,339	6,287	3.8%
2024	19,532	N/A	32,706	34.60	5,995	6,592	4.2%

[1]North Texas Council of Governments unless otherwise denoted.

[2]Per Texas Workforce Commission, Dallas-Fort Worth - Arlington Metropolitan Statistical Area

[3]U. S. Census Bureau, County and City Data Book, Dallas County, Census 2000 and 2010

[4]The City of Glenn Heights is located in both Dallas and Ellis Counties. School children residing in Dallas County are enrolled in the DeSoto Independent School District while those residing in Ellis County are enrolled in Red Oak Independent School District. Data retrieved from Texas Education Agency.

N/A: Data not available at the time of this publication

CITY OF GLENN HEIGHTS, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

2024

Employer	County	Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1763	N/A	Hospitals
FFE Transportation	Dallas	1320	N/A	Long Distance Freight Trucking
DeSoto ISD	Dallas	1095	N/A	Public Education
Capital Title	Dallas	939	N/A	Title Abstract Offices
Red Oak ISD	Ellis	900	N/A	Public Education
Qarbon Aerospace	Ellis	815	N/A	Aerospace Instrument Mfg
American Homestar-LANCASTER LP	Dallas	800	N/A	Mobile Homes-Manufacturers
Kohl's e-Commerce	Dallas	768	N/A	Distributor
Lancaster ISD	Dallas	689	N/A	Public Education
City of DeSoto	Dallas	448	N/A	Government

2015

Employer	County	Employees	Rank	Industry
Methodist Charlton Medical Center	Dallas	1,000-2,499	N/A	Health Care/social assistance
Swift Transportation	Dallas	1,000-2,499	N/A	Transportation/ warehousing
Wal-Mart Super Center	Ellis	453	N/A	Retail
Wal-Mart Super Center	Dallas	250-499	N/A	Retail
Walgreen's Distribution Center	Ellis	690	N/A	Transportation/ warehousing
Schneider National	Dallas	500	N/A	Transportation/ warehousing
Owens-Corning Fiberglass	Ellis	500-999	N/A	Manufacturing
Home Depot	Dallas	500-999	N/A	Transportation/ warehousing
Ennis, Inc	Ellis	85	N/A	Manufacturing
DART Container Corp	Ellis	651	N/A	Manufacturing

Source: 2024: Various websites & SBDC

Notes: The City of Glenn Heights is located in Dallas County and Ellis County. All of the listed employers are located within a 10-mile radius of the City of Glenn Heights.

CITY OF GLENN HEIGHTS, TEXAS

EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year				
Function/Program	**2015**	**2016**	**2017**	**2018**	**2019**
Administrative services	7	7	7	7	7
Community services	1	1	1	1	2
Development services	2	2	2	2	6
Police	27	27	22	24	31
Fire	25	26	32	36	19
Financial services	2	2	3	3	3
Municipal services	1	1	1	1	1
Infrastructure	-	-	-	-	1
Total General Fund	65	66	68	74	69
Utility administration	3	3	3	3	3
Water services	11	11	14	14	12
Wastewater services	2	2	3	3	3
Stormwater drainage	3	3	10	10	8
Total Utility Funds	19	19	30	30	26
Total All Funds	84	85	98	104	95

Source: City of Glenn Heights Human Resource Department

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
6	6	6.5	6.5	6.5
4	4	5	7	8
5	5	5	5	5
31	29	32	30	30
18	20	17	17	22
3	3	2.5	2.5	2.0
1	1	1	1	1
6	6	4.5	8	8
74	74	74	77	83
3	3	3	4	4
10	10	9	5	5
2	2	1.5	2	2
4	4	4	3	3
19	18	18	14	14
92	92	91	91	97

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year				
Function/Program	2015	2016	2017	2018	2019
Development services:					
Planning:					
Zoning cases	4	4	4	6	4
Plats/replats	5	5	5	7	5
Development contacts	9	9	9	11	13
Building inspections:					
Permits issued	1,358	604	604	616	1,625
Inspections	1,302	414	414	422	1,614
Emergency services:					
Police administration:					
Administrative calls	920	1,011	1,011	1,031	N/A
Reports prepared	2,522	2,682	2,682	2,736	N/A
Community relations programs initiated	15	15	15	7	N/A
Police Calls for Service	N/A	N/A	N/A	N/A	N/A
Police Traffic Stops	N/A	N/A	N/A	N/A	N/A
Police Arrests-Individual	N/A	N/A	N/A	N/A	N/A
Animal Control Calls	N/A	N/A	N/A	N/A	N/A
Code Enforcement Calls	N/A	N/A	N/A	N/A	N/A
Fire administration:					
Fire calls	233	329	329	446	421
EMS calls	961	931	931	919	1,037
Code enforcement:					
Vehicle related violations	N/A	N/A	N/A	N/A	215
Nuisance violations	N/A	N/A	N/A	N/A	194
Environmental violations	N/A	N/A	N/A	N/A	2
Sign violations	N/A	N/A	N/A	N/A	12
Other ordinance violations	N/A	N/A	N/A	N/A	1,240
Court summons/citations	69	N/A	N/A	N/A	24
Animal control:					
Animals impounded	174	337	337	N/A	N/A
Animal registrations	9	58	58	N/A	N/A
Calls for service	520	625	625	N/A	N/A
Court summons/citations	7	81	81	N/A	N/A

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
7	7	N/A	5	14
9	9	N/A	6	10
17	17	N/A	N/A	N/A
1,882	1,882	1,437	1,123	920
3,819	3,819	3,069	2,686	1706
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	17,426	17,897	18,934
N/A	N/A	3,370	4,564	5,287
N/A	N/A	380	356	435
N/A	N/A	2,028	2,675	2,816
N/A	N/A	52	30	122
461	495	513	582	506
1,006	1,273	1,331	1249	1049
84	84	2	2	N/A
139	139	5	5	N/A
2	2	-	-	N/A
28	28	-	-	N/A
2,187	2,187	2	2	N/A
39	39	-	-	N/A
N/A	345	281	334	N/A
N/A	1	N/A	27	N/A
N/A	1,311	1,280	380	N/A
N/A	36	76	84	N/A

CITY OF GLENN HEIGHTS, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year				
Function/Program	2015	2016	2017	2018	2019
Financial services:					
Finance:					
Accounts payable invoices processed	3,321	2,080	2,080	2,080	4,646
Payrolls processed	26	26	26	26	34
Annual budget document	1	1	1	1	1
Monthly financial reports	12	12	12	12	12
Municipal court:					
New cases filed	2,098	1,850	1,850	N/A	2,218
Warrants issued	1,232	1,150	1,150	N/A	N/A
Completed cases	971	777	777	N/A	1,519
Warrants cleared	886	840	840	N/A	278
Utility administration:					
Customers serviced	53,991	57,492	57,492	58,642	63,017
Late notices	12,513	12,548	12,548	12,799	12,956
Cut-offs	1,648	1,150	1,150	1,173	1,561
Municipal services:					
Streets:					
Days of street paving or re-paving	29	29	29	29	N/A
Days of ROW maintenance	30	30	30	30	N/A
Days of ROW Trash Collection	N/A	N/A	N/A	N/A	N/A
Days of pothole repairs	50	50	50	50	N/A
Wastewater services:					
Maintain lift stations (weekly checks)	52	52	52	52	52

Source: Various City Departments

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
3,854	3,786	4,019	4,019	4,417
28	34	28	28	26
1	1	1	1	1
12	12	12	12	12
2,540	1,984	1,955	1,906	2,283
N/A	1,925	1,389	1,551	120
2,834	2,531	1,757	2,025	1,068
233	1,009	1,122	793	307
67,240	67,240	77,816	81,392	81,770
6,523	6,523	11,749	14,618	9,361
1,020	1,020	542	1,154	1,339
N/A	N/A	N/A	N/A	9
N/A	N/A	N/A	N/A	81
N/A	N/A	N/A	N/A	249
N/A	N/A	N/A	N/A	32
52	52	52	52	52

CITY OF GLENN HEIGHTS, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year				
Function/Program	2015	2016	2017	2018	2019
Public Safety:					
Police stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public works:					
Streets - paved (miles)	47	47	47	47	47
Parks and recreation:					
Parks	3	3	3	3	3
Playgrounds	2	2	2	2	2
Water and sewer:					
Water mains (miles)	57	57	57	57	57
Overhead storage tanks	1	1	1	1	1
Ground storage tanks	3	3	3	3	3
Sanitary sewers (miles)	43	43	43	43	43
Number of lift stations	3	3	3	3	3

Source: Various City Departments

Fiscal Year				
2020	**2021**	**2022**	**2023**	**2024**
1	1	1	1	1
1	1	1	1	1
47	47	47	47	47
3	3	3	3	3
2	2	2	2	2
57	57	57	57	57
1	1	1	1	1
3	3	3	3	3
43	43	43	43	43
3	3	3	3	3

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CITY OF GLENN HEIGHTS, TEXAS

SINGLE AUDIT REPORT

SEPTEMBER 30, 2024

CITY OF GLENN HEIGHTS, TEXAS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
of the City Council and Citizens
City of Glenn Heights, Texas

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glenn Heights, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 1, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

City of Glenn Heights, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
October 1, 2025

PATTILLO, BROWN & HILL, L.L.P.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Honorable Mayor and Members
Of the City Council and Citizens
City of Glenn Heights, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Glenn Heights, Texas' (the "City") compliance with the types of compliance requirements identified as subject to audit in the (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

AICPA GAQC Member

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated October 1, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
October 1, 2025

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U. S. Department of Housing and Urban Development			
Passed through the County of Dallas, State of Texas:			
Community Development Block Grants/Entitlement Grants	14.218	N/A	$ 695,039
Total Passed through the County of Dallas, State of Texas			695,039
Total U.S. Department of Housing and Urban Development			695,039
U. S. Department of Treasury			
Passed through the Texas Division of Emergency Management:			
American Rescue Plan Act	21.027	N/A	2,841,447
Total Texas Division of Emergency Management			2,841,447
Total U.S. Department of Treasury			2,841,447
Total Expenditures of Federal Awards			$ 3,536,486

The accompanying notes are an integral part of this schedule.

CITY OF GLENN HEIGHTS, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the City. The City's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

INDIRECT COSTS

The City has elected not to use the de minimis indirect cost rate as allowed in the Uniform Guidance.

PASS-THROUGH EXPENDITURES

None of the federal programs expended by the City were passed through to subrecipients.

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Summary of Auditor's Results

Financial Statements:	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None
Federal Awards:	
Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	None
Identification of major programs:	
Assistance Listing Number:	Name of Federal Program:
21.027	American Rescue Plan Act
Dollar threshold used to distinguish between type A and type B programs for federal single audit:	$750,000
Auditee qualified as low-risk auditee for federal single audit?	No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

2024-001

Findings and Questioned Costs for Federal Awards

None noted

CITY OF GLENN HEIGHTS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Finding 2024-001 - Material Weakness

Criteria

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This system ensures the accuracy, completeness, reliability, and timeliness of financial reporting. In addition, according to 2 CFR 200.512(b), an auditee must submit the Data Collection Form and reporting package to the Federal Audit Clearinghouse within nine months of yearend or 30 days after the issuance of the audit report, whichever is earlier.

Condition

Some of the information needed to complete the audit was not available in a timely manner due to a difficult Enterprise Resource Planning (ERP) software conversion. The City missed the Data Collection Form submission deadline.

Effect

The financial statements were issued more than one year after fiscal year end.

Recommendation

We recommend that the City strengthen its internal controls related to financial reporting to ensure necessary documentation is available in a timely manner.

Management's Response

The City agrees with the recommendation. We will implement a formal process for tracking and ensuring timely preparation of yearend adjustments and documents needed to complete the audit.

CITY OF GLENN HEIGHTS, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

None

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To the Honorable Mayor and Members
of the City Council and Citizens
City of Glenn Heights, Texas

We have audited the financial statements of the City of Glenn Heights, Texas (the "City"), as of and for the year ended September 30, 2024, and have issued our report thereon dated October 1, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 11, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding material weaknesses in internal control over financial reporting noted during our audit in separate letters dated October 1, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement, we assisted in preparing the financial statements, schedule of expenditures of federal awards, and related notes in conformity with U.S. generally accepted accounting principles and related notes in accordance with the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards.*

In order to reduce threats to our independence caused by these nonattest services to an acceptable level, we applied certain safeguards. These safeguards include a concurring review, which is a review of the financial statements and key audit areas which is performed by an individual who has adequate experience in audits of local governments, but who was not involved in this audit engagement. The concurring reviewer serves as an evaluator of the performance of the engagement team and the nonattest services provided.

In addition, management assumed responsibility for the financial statements, schedule of expenditures of federal awards, and related notes to the financial statements and any other nonaudit services we provided. Management acknowledged, in the management representation letter, our assistance with the preparation of the financial statements and related notes and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Significant Risks Considered

We have considered the following significant risks during our audit process, which required special audit consideration. None of the specific risks below have resulted in a significant matter, finding, or issue.

Significant Risk Considered	Reasoning for Special Audit Consideration
Management override of controls	The risk that members of management could circumvent well-designed and effective internal controls.
New finance software	The City's implementation of a new Enterprise Resource Planning (ERP) system midyear increased the risk of errors in transactions and opening balances.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note I to the financial statements. As described in the notes to the financial statements, during the year, the County changed its method of accounting for accounting changes by adopting Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62. The adoption of this standard did not result in a restatement of beginning balances, but new note disclosures were required. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

- Management's estimate of the allowance for uncollectible property taxes is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

- Management's estimate of the allowance for uncollectible court fines is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible court fines in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

- Management's estimate of the allowance for uncollectible EMS receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for EMS revenues in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

- Management's estimate of the net pension asset, pension expense, total OPEB liabilities, and OPEB expense are based on actuarial assumptions, which are determined by the demographics of the plan and future projections that the actuary makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to the City's net pension asset and total OPEB liability. The disclosures in the financial statements are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances exist.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated October 1, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in the Annual Comprehensive Financial Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's Annual Comprehensive Financial Report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the financial statements, or if the other information otherwise appears to be materially misstated.

Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription- Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
October 1, 2025